

THE REPUBLIC.

Devoted to the Dissemination of Political Information.

VOL. I.

WASHINGTON, D. C., DECEMBER, 1873.

No. 10.

THE CLOSE OF VOLUME ONE.

The advantages of commencing the next volume with the beginning of the year are so manifold that we have concluded to close Volume I with the present number, and as our subscribers by the year will receive twelve numbers for the annual subscription price of \$2, their pecuniary interests are not affected.

The present number will be accompanied by a title-page and an elaborate index, so that the volume, if bound, can be thoroughly utilized. It will comprise upward of seven hundred pages of political matter, and will constitute one of the most valuable books of reference in a gentleman's library.

The managers placed the annual subscription price at \$2, because they only expected to furnish forty-eight pages of reading matter per month; but as the work progressed, it was found impossible to condense within that space all that was needful to be said. Were the primary object of this publication the advancement of the pecuniary interests of the publishers, *THE REPUBLIC* could not be furnished for less than \$3 per year; but, as these are made entirely subordinate to the cause, it has been deemed proper to publish it at nearly cost price, so as to give it a wide circulation.

Thus far the efforts of the managers have met with gratifying success; for the productions of no periodical have been so extensively copied, or have had so large an influence in shaping public sentiment as those of the *REPUBLIC*. Its

merits as an aid in the advancement of political science have been recognized, not merely by members of the Administration, but by gentlemen entirely disconnected from political life, like the Hon. Truman Smith, of Connecticut, who have taken a most lively interest in introducing it among their acquaintances and friends.

Encouraged by these evidences of approbation, and feeling convinced that not merely the permanency of the Republican party, but the welfare of the country itself, is dependent upon the spread of correct political information, we shall begin the second volume with renewed energy, confidently appealing to our subscribers to aid us in its introduction. We also take this occasion to cordially acknowledge the many favors which we have received from the local press, and will look forward for a continuance of their good will as long as the *REPUBLIC* is truly deserving.

As the full volume of twelve numbers will make too large a book for convenient use we shall hereafter divide the year into two volumes, and accompany each six numbers with a complete index and title-page, which will leave it optional with the subscribers to bind the twelve numbers into one or two volumes.

The experience which we have gained enables us to promise that the second volume will be even more able and interesting than the first, and that the same calm and impartial discussion and the avoidance of sensationalism which has

characterized the past will also be the leading features of the future.

If our friends are in earnest in their desires for reform, and in their resistance to all schemes of corruption, they can not manifest their faith in works more effectually than by introducing the **REPUBLIC** among the statesmen, political thinkers, and publicists of the nation.

The character of our magazine forbids us to resort to any *quasi* lottery scheme of premiums for its introduction, and we must, therefore, look directly to the appreciation of its readers and to the importance of the occasion for its success.

The main object of the **REPUBLIC** is not to teach by authority, but to induce men to think and investigate for themselves; for one of the most dangerous symptoms of our times is mental laziness, and the parrot-like repetition of words and thoughts which selfish and sensational journals force upon the public attention.

Political science or the science of Government requires the most careful treatment and investigation, and those who pretend to a knowledge thereof for selfish ends are like the quack doctors of medicine, whose treatment is followed by disaster. The country can not prosper unless more minds of a higher order can be induced to take up and discuss governmental problems as faithful students of a great cause.

In the hope that the great importance of the theme will induce our readers to give us their cordial support in the future as in the past, we submit the present number to their consideration.

APPENDIX TO THIS NUMBER.

Having, at an extra expense, procured the reports of the Secretary of the Treasury and of the Postmaster General, we shall charge fifty cents per copy to transient purchasers for this number. We offer it gratuitously as a premium to new subscribers until our edition is exhausted. Political writers will find it of very great value—fully worth the price of the annual subscription.

OFFICIAL DOCUMENTS AND SPEECHES.—Among the most important features of **THE REPUBLIC** will be the publication from time to time of official documents and speeches of national importance in the appendix.

The repeal of the franking privilege has lessened the distribution of public documents by Senators, Members, and Government officials. **THE REPUBLIC** intends to supply this deficiency in part, and its readers will have the very great advantage of having these necessary aids to a successful political career in a convenient and accessible shape.

The recent elections have shown that the people demand of their public speakers more careful preparation and a better digestion of political themes than hitherto, and the foundation for success of a political leader and thinker can therefore only be laid by the study of the official documents emanating from the Administration.

The Republican party can expect to control the destiny of the nation only as long as it contains within it the balance of moral and intellectual power. Therefore, in proportion as the intellectual forces of its membership are utilized and augmented, and its moral influence increased, will it be capable of fulfilling its high mission. We must train up great and good men, and take care that the coming generation will not only become heir to institutions with honor and fame untarnished, but also be possessed of the capacity to carry on the great work of self-government with success.

THE REPORT OF THE SECRETARY OF THE TREASURY.—In the appendix of the present number will be found the report of the Secretary of the Treasury, which will attract attention both at home and abroad. It is one of the most original and able documents which has emanated from that Department.

REPORT OF THE POSTMASTER GENERAL.—The appendix of this number contains the interesting report of the Postmaster General. It is a document that ought to be carefully perused, for it contains many very valuable suggestions.

THE NATIONAL BANKS AND THE NEW LOAN.

The supersedure of the State banks by the national bank system was the result of long and anxious deliberation on the part of Salmon P. Chase, then Secretary of the Treasury. He well knew that he was calling into being a most powerful agency for good or evil, and planting germs of financial policy* which would have the most far-reaching consequences. Ever opposed to the large emission of forced paper currency which so completely swamped the Confederate States Government at an early stage of the war, he always had his eye on the speedy withdrawal of that currency, and its redemption by coin or its equivalent. Men are sometimes asking the question, "Why should not the Government alone supply the people with the needful currency? Why not, by canceling the national bank currency, avoid paying interest on the bonds deposited for its security, and secure the benefit of that free circulation?"

This proposition is, moreover, urged with a *naïveté*, as if it were entirely novel and had not received the careful and anxious consideration of the comprehensive mind of Salmon P. Chase, a statesman the like of whom we shall rarely look upon again. He foresaw that either at the close of the war or at some subsequent period the specter of repudiation, either in part or in whole, would be raised. He foresaw that the bulk of the United States bonds, owing to the high rates of interest obtaining in our country, would be chiefly held abroad, which would cause an immense drain of specie to flow from the United States.

The national banks, therefore, were called into existence to fill the functions of fiscal agents of the Government and of the people, so as to bring the national loans within reach of every household. He knew, moreover, that these bonds would not be permanently held in every section of the Union, unless they were riveted there by the establishment of these national banks. Each bank, moreover, having its local friends and the

moral power of fixed moneyed interest, would be able to control and put down the cry of repudiation when raised by party demagogues.

During the existence of the war; while the Government itself was in danger, and money was needed even more than men, these banks, sharing the patriotism of the people, acted in good faith and with energy in popularizing the various loans. This course gave them both strength and popularity, and the power of the Government being reflected they grew in strength and public confidence as official institutions of the Government. Banks incorporated under State laws everywhere found that the national banks carried with them more confidence in their soundness than any private institution whatever.

Of late many of these banks seem to have lost sight of the reasons of their origin and their official relations to the Treasury of the United States as the proper fiscal agents of the Government, and it is earnestly recommended that these relations should be renewed, for it is to their own advantage that they should more closely identify themselves with the Government and aid it in the work of converting and replacing our bonded loans, and lodging them among our people at home.

The Government has a right to expect that the banks will cordially co-operate in explaining the advantages and safety of the new five per cent. loan, and thus by placing it at home instead of abroad retain the coin interest among our own people, increase our resources, and thereby enable the Government to redeem more speedily its circulating medium in coin.

The coldness and apathy, if not *quasi* hostility of some banks, to the placing of the new loan has tended to weaken the public confidence in their stability, and has lessened the sympathy and interest of the people in their welfare. It is, therefore, to be hoped that no bank will be without the new bonds

on its counters, and that they will be recommended to fiduciary agents and to the people as the safest investment and the best possible means of discharging their responsibilities.

In fact, if the present condition of affairs teaches anything, it certainly demonstrates that capital, in making investments, will henceforth make the rate of interest entirely subordinate to the question of the character of the security. That the larger the rate of interest promised the greater is the jeopardy of the principal is a hard-learned lesson. Heavy interest means heavy risk; the two conditions are inseparable. Without any committal, therefore, to any special policy or theory of resumption, every one is anxious that the fixed standard of specie payments, or at least specie valuation, shall be arrived at as quickly as practicable. Not that when it takes place that any one will be content to abolish a paper currency. It may be set down as a fact that if all the paper money in the country were out of existence, and metallic currency substituted for it, dollar for dollar, there would be an immediate clamor for its restoration that would be irresistible.

It may be set down as equally certain that whatever kind of paper money is to have any popular circulation in this country must have the indorsement and guarantee of the General Government. Some modifications of the present system may be adopted, but it must always be under the national surveillance. But this very implicit confidence in the absolute safety of the paper circulating medium begets an evil that must be provided for. The country is suffering from this evil now. Had the banks been working under charters from the several States, as of old, in the present crisis, their notes of issue would have been thrown on the market through the hands of brokers at heavy sacrifice. Money, such as it would have been, would have been plenty, but added to the losses of the stockholders and depositors, there would have been a perpetual depreciation of the face of the note. No one then would have kept a

dollar to hoard for the sake of security. But now the spectacle is presented of every one withdrawing the currency from the avenues of commerce and locking it up for self-protection.

Nor is this condition of the people's confidence to be deplored or discouraged; it is a tacit, undeniable approval of the wise, paternal care that the different branches of the Government have exercised over the public financial interests, both in enacting laws and in carrying them out *within, and not beyond*, the limits of the trusts reposed in them. To endeavor to shift the responsibility of the derangement of the finances of the country from the malpractices and maladministration of commercial manipulations which originated it, and from which alone it maintains its existence, to the administrators of the laws of the country is an impotent disguise of the issues of the hour. The unswerving confidence of the people in holding on to everything issued by the Government, and growing anxiety to rid themselves of every other security, attest this. And it is well it is so; besides it is natural that their faith should be pre-eminent in securities issued through their own representatives in Congress, who are in like manner intrusted with the power to raise revenues to meet the national liabilities as they accrue. It is well, too, as a matter of patriotism, as an evidence of the cohesiveness of this homogeneous people that is growing with its growth and strengthening with its strength. This is in no sense a partisan feeling dependent on any administration, but is that political instinct which will always oppose any man or party that would imperil the national prosperity by enacting laws simply from partisan motives. Few persons reflect how intimately the protection of person and property, the equality of all before the law, is connected with national development and prosperity, from which flows national credit. How much the prosperity of the nation is indebted to the political successes of the last decade is not sufficiently acknowledged.

It must be evident to the thought-

ful observer of passing events that whether expansion or contraction of the currency is to be decided on, it will be difficult to unloosen the present lock up of money; the masses are seriously apprehensive as to the insecurity of places of deposit; the alarm is all the more noteworthy as it becomes more settled and the sudden blow of the panic is realized. It is the calm after the storm, all the more certain because resulting from time, reflection, and a too sad experience. The so-called evil of hoarding is thus elevated above the suspicion of being sordid, avaricious, or miserly; it arises, as has been already demonstrated, from instincts of self-preservation, an instinct nothing can destroy. Thus a condition of unexpected antagonism and conflict exists between commerce, that seeks its lawful prerogative of a circulating medium, and the people who have locked it up.

It is desirable—nay, necessary—to put an end to this antagonism; the supply of currency requisite to carry on the internal exchanges of the country must be had, and the question of the hour is, Whence shall it come? Manifestly it is better to restore the equilibrium without introducing any new element—that is, to restore all the concealed existing currency of the country to proper channels—before any new experiment is tried, or any substitution is provided, or before the volume of paper money is increased. This naturally leads to the inquiry as to what sort of bonds can be procured of the Government. The Government bonds of old issues that are in existence are held at a premium above gold rates, which is continually fluctuating. Persons of small means can not be brought to think it prudent to buy at a premium the right to lend their money, especially as the Government can call in almost all its old loans at option; but the savings of the people now locked up will soon seek investment. The funded loan bill affords them an opportunity to invest their money at par in United States bonds, principal and interest “payable in coin of the standard value of the United States

of July 14, 1870;” these bonds are “exempt from payment of all taxes or duties of the United States, as well as from taxation in any form by or under any State, municipal, or local authority.” True the interest is five per cent., but then it must be borne in mind these bonds can be procured at par for coin or its equivalent. They cannot be used to the detriment of the owner by defaulting agents, if the precaution is taken to have them registered; if lost, stolen, or destroyed, they can be replaced, for the Secretary of the Treasury is authorized by law (act March 3, 1871,) “to issue a duplicate of said registered bond, to be so marked, bearing like interest as the bond so proved to be lost or destroyed.”

The people cannot be expected to disgorge the hidden greenbacks unless an equivalent is given. They will not deposit it to any extent subject to call checks; they will not reinvest it in fancied securities, but they will be shrewd and sensible enough to desire to place it where it will yield them revenue. They will trust the United States securities, and it is confidently believed that, with a proper explanation, nearly every dollar of the passive circulation of the country can be made active through their agency.

The interest on these bonds is payable quarterly, (act January 20, 1871,) and in this particular it must be convenient to small investors, and institutions that require the money in their treasury to be secure from defalcation and always available.

These bonds, if registered, possess the peculiarity that must eventually make them the people's loan. The quarterly interest, payable in February, May, August, and November, will be sent in a check by the Treasurer of the United States to any designated post office address in the United States or Europe. Thus there need be no intermediary, no broker, nor fiduciary agent; the parties in interest need only correspond directly with the United States Treasury. Taking into consideration the trouble of taking care of real property, paying taxes, insurance,

repairs, and trusting business to agents, it is believed that for the aged and infirm, the guardian and trustee, the funded loan of the United States is the best investment that can be made.

Secretary Richardson, in his able and exhaustive treatise on the United States loans, remarks: "These are the only loans now offered for sale by the Government. All others having long since been closed, are being reduced as rapidly as the surplus revenues, the money from the sale of new bonds, and the coin of the Treasury, will permit." Thus it will be seen that the five per cent. funded loan bonds are the only ones that can be procured of the Government. They can be had in sums of fifty dollars and upwards, thus affording persons of moderate means opportunity to invest as fast as they accumulate. In fact, a practical savings bank is presented to the people, in which all the currency they have hoarded away would be immediately deposited if the subject were brought intelligently to their notice. The return of greenbacks to the channels of commerce would at once be secured, for it must be remembered that they never will be re-deposited in banks that pay no interest, and it has been demonstrated that those institutions that allow interest on deposits are working practically on unsound principles.

The law having ordained the issue of these bonds, it is manifestly to the interest of the Government to place them at home, if possible. Capital that is dormant is useless; therefore a mutuality of interest between the citizen and the Government will doubtless make the funded bond a popular institution. Churches, benevolent societies, trustees of wills, lodges, and all fiduciary agents, will find in this loan not only a place of deposit that relieves them from the risk that is occasioned by constant change of officers and agents, but all responsibility before the law ceases when funds are invested in Government securities. In other words, while an agent might be liable under his trust for loss of money deposited in a bank, loaned on mortgage, or otherwise invested, he would be free

from all blame or risk, if he places the funds under his charge in registered bonds of the United States. This aspect of the case ought to be fairly presented to the people through a circular from the highest officials of the Government in a plain manner, so that they may understand their position and opportunity, before capitalists at home and abroad secure the right to this loan, and then dispose of it to the public at advanced rates. To recapitulate, the bond offered has the following qualities:

1. It bears five per cent. interest in coin.
2. It can be registered, so that it can not be lost.
3. Exemption from all taxes, National State, and municipal.
4. Interest payable quarterly.
5. Interest remitted by a check to any post office free of all commissions or expense.
6. A new bond will be issued for any one lost, destroyed, or defaced.

It is right that these facts should be brought prominently before the public, which has been so cruelly deceived by flaming advertisements that have caused them to surrender so much of their hard earnings into the custody of irresponsible institutions.

There can be no means more efficient to do this than by the agency of the national banks, whose province and duty it is to place the loans of the Government in the hands of the people in preference to every other investment. There are many reasons that should move these institutions in this direction; they are deeply interested in restoring the currency to its normal condition; they profit more than any other interest by an undisturbed commerce; they owe their prosperity, if not their very life, to public confidence. Many of these institutions have indirectly, and some directly, been concerned in bringing about the present state of affairs by placing on the market doubtful securities; they can do much to restore confidence by advising their clients and assisting them to convert their investments and the money they have with-

drawn from circulation into the funded debt of the United States. They are too sagacious to need the suggestion that this will cause a flow of money to perform the active relations of commerce. But, above all, they can not ignore the fact that they exist in a measure by sufferance of the nation; that they are a part of the financial system, created with the avowed purpose to act as intermediary agents in just such matters between the people and the Government; that it is their first duty to strengthen the hands of the Government in its legitimate purposes, as evinced by the acts of Congress.

National banks, in fact, are a sort of semi-official representative of the nation; in such affairs they are the home syndicate; they enjoy privileges under their charters that makes the duty reciprocal, and it is to be hoped that they will use all proper means by keeping a supply of such bonds on their counter, and see that a proper proportion is invested in this country. It can not be ignored that there is a growing jealousy of the privileges and prerogatives claimed by these banks. In some quarters it has gone so far as to demand that the privi-

leges of issuing circulating notes shall be transferred from them to the national Government, as suggested before; all such clamor will cease as fast as the affairs of finance are restored to their proper status. The banks can assist this consummation in no way more speedily than by stimulating into activity the vast amount of money now idle, and in no way can this be done better than in getting the people to exchange it for Government bonds. They must teach the people that high interest is low security. Besides, as the old issues disappear, the banks themselves will need these bonds for security, and for use as reserves, but all this is subordinate to placing them among the masses, and thereby unlocking the hoarded currency. Contraction, inflation, resumption, suspension, and all the other plans of financiers may be meritorious in part, or for a time in whole, but none provide a permanent remedy while the masses are so alarmed for safety as to hide the currency away. Then let the watchword be "restoration," which can easily be accomplished by the absorption of the new loan.

THE SUPREME COURT OF THE UNITED STATES AND THE NEW YORK CENTRAL RAILROAD COMPANY.

An important decision of the court, settling for the first time definitely the long-suspended question of the responsibility of railroad companies as common carriers:

October term, 1873. The New York Central Railroad Company, plaintiff in error, vs. Charles C. Lockwood. In error to the Circuit Court of the United States for the southern district of New York.

First. A common carrier can not lawfully stipulate for exemption from responsibility, when such exemption is not just and reasonable in the eye of the law.

Second. It is not just and reasonable in the eye of the law for a common carrier to stipulate for exemption from responsibility for the negligence of himself or his servants.

Third. These rules apply both to common carriers of goods and common car-

riers of passengers, and with especial force to the latter.

Fourth. They apply to the case of a drover traveling on a stock train to look after his cattle, and having a free pass for that purpose.

Fifth. Query: Whether the same rules would apply to a strictly free passenger?

Sixth. Held *arguendo*: That a common carrier does not drop his character as such merely by entering into a contract for limiting his responsibility.

Seventh. That carefulness and fidelity are *essential duties* of his employment which can not be abdicated.

Eighth. That these duties are essential to the public security in his servants as in himself.

Ninth. That a failure to fulfill these duties is "negligence;" the distinction between "gross" and "ordinary" negligence being unnecessary.

The Hon. Truman Smith, and, associated with him, Cephas Brainerd, Esq.,

counsel for the defendant in error, before the Supreme Court, and for the same as plaintiff before the court below.

Mr. Justice Bradley delivered the opinion of the court:

"The plaintiff in this cause was a drover, injured while traveling on a stock-train of the defendants, proceeding from Buffalo to Albany, and the suit was brought to recover damages for the injury. He had cattle on the train, and had been required at Buffalo to sign an agreement to attend to the loading, transporting, and unloading of his cattle, and to take all risk of injury to them and of personal injury to himself or whoever went with the cattle, and received what is called a drover's pass, certifying that he had shipped sufficient stock to pass free to Albany, but declaring that the acceptance of the pass was to be considered a waiver of all claims for damages or injuries received on the train. The agreement stated its consideration to be the carrying of the plaintiff's cattle at less than tariff rates. It was shown on the trial that these rates were about three times the ordinary rates charged, and that no drover had cattle carried on those terms, but all signed similar agreements to that which was signed by the plaintiff, and received similar passes. Evidence was given on the trial tending to show that the injury complained of was sustained in consequence of negligence on the part of the defendants or their servants, but they insisted that they were exempted by the terms of the contract from responsibility for all accidents, including those occurring from negligence of their servants, and requested the judge so to charge. This he refused, and charged that if the jury were satisfied that the injury occurred without any negligence on the part of the plaintiff, and that the negligence of the defendants caused the injury, they must find for the plaintiff, which they did.

"It is, therefore, unnecessary to notice the subordinate points made, as we are of opinion that all the questions of fact were fairly left to the jury, and that the

whole controversy depended on this main question of law.

"It may be assumed *in limine* that the case was one for hire; for though the pass certifies that the plaintiff was entitled to pass free, yet his passage was one of the mutual terms of the arrangement for carrying his cattle. The question is, therefore, distinctly raised, whether a railroad company carrying passengers for hire can lawfully stipulate *not to be answerable* for their own or their servants' negligence in reference to such carriage."

While this deeply interesting case was under consideration the court reviewed at considerable length the decisions of the various State courts bearing on the questions at issue, which showed the diversity of conclusions arrived at in the premises, and the great want of uniformity in so important a matter, which will now, happily, be secured by this just and proper decision of the Supreme Court, because hereafter the judgments of these State courts must conform to the great principles now settled, or suffer a reversal of any decision in opposition thereto on an appeal to the last high tribunal of justice.

"The courts of New York (Mr. Justice Bradley continues) for a long time resisted the attempts of common carriers to limit their common-law liability, except for the purpose of procuring a disclosure of the character and value of articles liable to extra hazard and risk. This they were allowed to enforce by means of a notice of non-liability, if the disclosure was not made. But such announcements as 'all baggage at the risk of the owner,' and such exceptions in bills of lading as 'this company will not be responsible for injuries by fire, nor for goods lost, stolen, or damaged,' were held to be unavailing and void, as being against the policy of the law.

"It was not till 1858, in the case of *Wells vs. The New York Central Railroad Company*, 26 Barb., 635, that the Supreme Court was brought to assent to the proposition that a common carrier may stipulate against responsibility for

the negligence of his servants. That was the case of a gratuitous passenger, traveling on a free ticket, which exempted the company from liability. In 1862 the Court of Appeals, by a majority, affirmed this judgment, (42 N. Y., 181,) and in answer to the suggestion that public policy required that railroad companies should not be exonerated from the duty of carefulness in performing their important and hazardous duties, the court held that the case of free passengers could not seriously affect the incentives to carefulness, because there were very few such compared with the great mass of the traveling public."

It is proper to notice in this connection the very pertinent and appropriate point raised and ably put by the Hon. Truman Smith in his argument, and in the just conclusion arrived at the courts below and above fully concurred in, which is as follows:

"We now come," he says, "to the consideration of a question of great interest in point of principle, and of no small importance in its bearing on that of the traveling public, and that is, whether it is competent for a railroad company to exact from a passenger an agreement that he will not hold them responsible for any injury to his person which he may sustain by reason of the negligence of themselves or their servants and agents. And here we observe (the argument continues) that it appears from the pass which was given to the defendant in error on the 5th of June, 1858, that he was a *paying passenger* on this cattle-train. It opens thus: 'I certify that the bearer, C. Lockwood, has shipped on behalf of himself the quantity of stock which entitles him to pass free to W. Albany;' which is the same thing as to say that the amount which he paid, or wants to pay, to wit: \$70 per car-load, or \$140 in all, was to be deemed compensation for the transportation, not only of his cattle, but of himself. Besides, during the transit he was to take charge of his stock and to perform duties which would otherwise have devolved exclusively on the plain-tiffs or on their servants and agents; so

that the defendant in error was a paying passenger in a double sense, and a full passenger too. If there is any distinction between a paying and gratuitous passenger in this regard, (and this we do not admit,) then the fact adverted to must inure to the benefit of the defendant in error. It is apparent that in order to maintain the last clause of the agreement before us the opposite counsel must insist that it is in the power of the railroad companies to make requisitions on the traveling public for this species of responsibility to an indefinite extent, and that in this respect a paying passenger is no better off than a gratuitous one."

But to return to the opinion of the court. Mr. Justice Bradley remarks that, "The next cases of importance that arose in New York were those of *drovers' passes*, in which the passenger took all the responsibility of injury to himself and stock. The first was that of *Smith vs. New York Central Railroad Company*, 29 Barb. 132, decided in March, 1859. The contract was precisely the same as that in the present case. The damage arose from a flattened wheel in the car, which caused it to jump the track. The Supreme Court, by Hogeboom, J., held that the railroad company was liable for any injury happening to the passenger, not only by gross negligence of the company's servants, but by ordinary negligence on their part. 'For my part,' says the Judge, 'I think not only gross negligence is not protected by the terms of the contract, but what is termed ordinary negligence, or the withholding of ordinary care, is not so protected. I think, notwithstanding the contract, the carrier is responsible for what, independent of any peculiar responsibility attached to his calling or employment, would be regarded as fault or misconduct on his part the Judge added that he thought the carrier might, by positive stipulation, relieve himself to a limited degree from the consequences of his own negligence or that of his servants. But, to accomplish that object, the contract must be clear and specific in its terms, and plainly covering such a case. Of course this remark

was extra-judicial. The judgment itself was affirmed by the Court of Appeals in 1862 by a vote of five judges to three. (24 N. Y., 222.) Judge Wright strenuously contended that it is against public policy for a carrier of passengers, where human life is at stake, to stipulate for immunity for want of care. 'Contracts in restraint of trade are void,' he says, 'because they interfere with the welfare and convenience of the State; yet the State has a deep interest in protecting the lives of its citizens.' He argued that it was a question affecting the public, and not alone the party who is carried. Judge Sutherland agreed in substance with Judge Wright. Two other judges held that if the party injured had been a gratuitous passenger the company would have been discharged, but in their view he was not a gratuitous passenger. One judge was for affirmance, on the ground that the negligence was that of the company itself. The remaining three judges held the contract valid to the utmost extent of exonerating the company, notwithstanding the grossest neglect on the part of its servants.

"A review of the cases decided by the courts of New York shows that though they have carried the power of the common carrier to make special contracts to the extent of enabling him to exonerate himself from the effects of even gross negligence, yet that this effect has never been given to a contract general in its terms; so that if we only felt bound by these precedents we could, perhaps, find no authority for reversing the judgment in this case. But on a question of general commercial law the Federal courts administering justice in New York have equal and co-ordinate jurisdiction with the courts of that State. And in deciding a case which involves a question of such importance to the whole country; a question on which the courts of New York have expressed such diverse views, and have so recently and with such slight preponderancy of judicial suffrage come to the conclusion that they have, we should not feel satisfied without being able to place our decision upon grounds

satisfactory to ourselves, and resting upon what we consider sound principles of law.

"In passing, however, it is apposite to call attention to the testimony of an authoritative witness as to the operation and effect of the recent decisions referred to. 'The fruits of this rule,' says Judge Davis, 'are already being gathered in increasing accidents through the decreasing care and vigilance on the part of those corporations, and they will continue to be reaped until a sense of public policy shall lead to legislative restriction upon the power to make this kind of contract.' (Stinson vs. N. Y. Cent. R. R. Co., 32 N. Y. Rep. 337.)

"In Pennsylvania it is settled by a long course of decisions that a common carrier can not by notice of special contract limit his liability so as to exonerate him from responsibility for his own negligence or misfeasance or that of his servants and agents.

"The Ohio cases are very decided on this subject, and reject all attempts of the carrier to excuse his own negligence or that of his servants.

"The Pennsylvania and Ohio cases differ mainly in this, that the former give to a special contract (when the same is admissible) the effect of converting the common carrier into a special bailee for hire, whose duties are governed by his contract, and against whom, if negligence is charged, it must be proved by the party injured; while the latter held that the character of the carrier is not changed by the contract, but that he is a common carrier still, with enlarged exemptions from responsibility, within which the burden of proof is on him to show that an injury occurs. The effect of this difference is to shift the burden of proof from one party to the other. It is unnecessary to adjudicate that point in this case, as the judge on the trial charged the jury, as requested by the defendants, that the burden of proof was on the plaintiff.

"But it is contended (Justice Bradley continues) that though a carrier may not stipulate for his own negligence,

there is no good reason why he should not be permitted to stipulate for immunity for the negligence of his servants, over whose actions in his absence he can exercise no control. If we advert for a moment to the fundamental principle on which the law of common carriers is founded, it will be seen that this objection is inadmissible. In regulating the public establishment of common carriers the great object of the law was to secure the utmost care and diligence in the performance of their important duties—an object essential to the welfare of every civilized community. Hence the common-law rule which charged the common carrier as an insurer.

“Why charge him as such? Plainly for the purpose of raising the most stringent motive for the exercise of carefulness and fidelity in his trust. In regard to passengers the highest degree of carefulness and diligence is expressly exacted. In the one case the securing of the most exact diligence and fidelity underlies the law, and is the reason for it; in the other it is directly and absolutely prescribed by the law.

“It is obvious, therefore, that if a carrier stipulate not to be bound to the exercise of care and diligence, but be at liberty to indulge in the contrary, he seeks to put off the *essential duties* of his employment, and to assert that he may do so seems a contradiction in terms.”

Mr. Justice Bradley, after commenting very justly upon the relative positions of the common carrier and his customer, showing from the circumstances usually surrounding transactions between them the great inequality in making contracts between them, concludes with the following just and pertinent admonition:

“The fact is adverted to for the purpose of illustrating how completely in the power of the railroad companies parties are, and how necessary it is to stand firmly by those principles of law by which the public interests are protected.

“In the case before us the law, in the absence of special contract, fixes the degree of care and diligence due from the railroad company to the persons carried

on the trains. A failure to exercise such care and diligence is negligence. It needs no epithet properly and legally to describe it. If it is against the policy of the law to allow stipulations which will relieve the company from the exercise of that care and diligence, or which, in other words, will excuse them for negligence in the performance of that duty, then the company remains liable for such negligence. The question whether the company was guilty of negligence in this case which caused the injury sustained by the plaintiff was fairly left to the jury. It was unnecessary to tell them whether, in the language of law writers, such negligence would be called gross or ordinary.

“The conclusions to which we have come are—

“First. That a common carrier can not lawfully stipulate for exemption from responsibility when such exemption is not just and reasonable in the eye of the law.

“Secondly. That it is not just and reasonable in the eye of the law for a common carrier to stipulate for exemption from responsibility for the negligence of himself or his servants.

“Thirdly. That these rules apply both to carriers of goods and carriers of passengers for hire, and with especial force to the latter.

“Fourthly. That a drover traveling on a pass such as was given in this case, for the purpose of taking care of his stock on the train, is a *passenger for hire*.

“The conclusions decide the present case, and require a judgment of affirmance. We purposely abstain from expressing any opinion as to what would have been the result of our judgment had we considered the plaintiff a *free passenger*.”

Judgment affirmed.

Thus has been obtained, mainly through the instrumentality and the long-persistent efforts of the Hon. Truman Smith, one of the most important, if not the most important, decision that have ever been made by that high tribunal of justice, the Supreme Court of the United States. In a letter of the 10th April

last to a much-valued friend of this city he very justly remarks as follows:

"One of the greatest problems which now awaits solution by the American people is, How are we to resist the oppression and overcome the tyranny practiced by the railroad monopolies in this country? These corporations are creatures of State legislation, and are subject to State jurisdiction and control, and it is almost impossible to hold them to any responsibility for the abuses which they practice. It is in vain to appeal to the State Legislatures, for these bodies, or rather companies, do not hesitate to make all the disbursements which are necessary to secure a majority. Armed in this way with irresistible power, they substantially confiscate the agricultural interests of the Great West by the exorbitant charges which they make for freight, and have thus brought the farmers to the verge of ruin." And on the 10th instant, having received advice of the favorable conclusion of his case in the Supreme Court, he addressed the same party in the following interesting manner:

"The case to which I adverted some months since as pending in the Supreme Court of the United States, in which I have been acting *for over thirteen years*, has recently been decided in my favor, and there can be no doubt but that the judgment of the Supreme Court in this Lockwood case is to be the all-controlling authority in the United States; and it is to me a source of no small consolation to have taken at the close of a long professional life some part in bringing it about."

Well may this veteran octogenarian, now in his eighty-second year, indulge in the honest pride and consolation for having toward the close of a long and useful life achieved so great a work. While its value to the whole country can not be estimated at anything approaching precision, in view of the vast advantages to flow therefrom, and which will be felt and experienced throughout the length and breadth of the land, through which, in almost every direction, rail-

road companies ply their trade as common carriers, in the greater security of property in transit, and, what is of more importance, the increased protection secured to the traveling public by thousands daily and nightly intrusting their persons and their lives to the custody and care of these carriers, it will excite some surprise to learn the utterly insignificant sum realized by the counsel in this remarkable case for their client—namely, \$16,132 10—after thirteen years of professional labor, and necessarily the consequent small consideration they received therefore.

This result will but afford another instance to the many that have occurred in the past, showing that benefactors to a country or people but seldom receive anything like reasonable compensation for their time and labor; but, fortunately, in this case, the satisfaction to the aged and patriotic counsel in having through his exertions brought about such a decision, so much wanted, will, it is believed, be of more value to him than any increased money consideration could be.

Mr. Justice Miller, in delivering the opinion of the court in the December term of 1872, in what is known as the New Orleans slaughter-house cases, (reviewed in the July number of this magazine,) remarked with much emphasis as follows:

"We do not conceal from ourselves the great responsibility which this duty devolves upon us. No questions so far-reaching and pervading in their consequences, so profoundly interesting to the people of the country, and so important in their bearings upon the relations of the United States and of the several States to each other and to the citizens of the States and of the United States, have been before this court during the official life of any one of its present members."

Assuredly Mr. Justice Bradley might have indulged in a similar strain equally if not more impressive and emphatic in delivering the opinion in this remarkable Lockwood case, in view of the widespread benefits to arise therefrom in securing increased care and vigilance for

the protection of property and the vast amount of passengers traveling daily and hourly, on the part of railroad companies as common carriers, and which will be felt to be more "far-reaching and pervading in its consequences, and more profoundly interesting to the people of the United States," than those resulting from any decision ever made during "the official life" of any of the present members of the high court of last resort.

THE TRIALS OF THE ADMINISTRATION.—In September last, when the financial panic raged in the city of New York like a great conflagration, the terror-stricken brokers and bankers demanded of President Grant and Secretary Richardson that the Government should, in defiance of law, advance to the banks, upon the deposit of miscellaneous collaterals, the forty-four millions of greenback reserve, which should at once be issued and placed at their disposal. Imagining themselves to be the nation, and that its solvency depended upon their own, they sought to induce the President to take the responsibility of breaking the law, and to plead to Congress and the people the necessity of the case as an excuse and justification.

The President and Secretary Richardson, unmoved by the clamors of these panic-stricken hordes, refused to loan money in any event, and particularly upon the deposit of stock certificates as collaterals; but in view of the great distress which would necessarily ensue they consented to buy some \$12,000,000 worth of United States bonds, so that the greenbacks thus exchanged would afford incidental relief; and thus the law was upheld, and yet a disposition shown to avert the ruin which reckless stock-speculation had brought about.

Scarcely had the fierceness of this panic subsided, and the sober, second thought of the people had begun to realize of what great service the coolness and imperturbability of President Grant and Secretary Richardson were to the nation, when another unexpected outburst of passion has obtained.

The capture of the *Virginius* and the

inhuman butchery of nearly all of her passengers and crew have caused another of those passionate demands which have so often brought ruin to governments and peoples. Only two years ago the President was threatened with impeachment by Senator Sumner because he sent a single man-of-war to protect American interests at Hayti; and now the same people, unmindful of the dangers which they professed of the extension of Executive power, are demanding of the President that he should violate the Constitution and the laws made in pursuance thereof, and commit warlike acts against Spain. He is also urged by a large portion of the public press to proclaim the suspension of the neutrality laws, even before an official account of the massacre has been received, and encourage the fitting out of private expeditions against Cuba.

Of course, those who know President Grant well have no fears that he can be moved by clamors like these from the safe moorings of the Constitution and the laws; and it is probably because the press is conscious of this that it indulges in the most passionate outbursts of fiery rhetoric. It seems to us that recklessness like this is unworthy of American journalism, and shows that those men who profess to be leaders of public opinion are simply its slaves.

We have no doubt but that the Administration will take a stand that will cause it to be respected in the forum of nations; and the fact that we do not retaliate upon the barbarous Cubans in kind, and thus place ourselves measurably upon a level with them, will redound to our credit and to the ultimate security of the lives and liberties of American citizens abroad.

We have every reason to believe that the President, in his annual message, will lay the entire affair before Congress, and ask it to take the responsibility which the Constitution devolves upon it; and after due deliberation, with the consciousness of the power of a great nation, and the desirability of avoiding war if it is compatible with national honor, to

take such action as the occasion demands.

If, as it is now generally believed, Spain has lost its control over the Cuban volunteers, who are nothing more than a military mob, steeped in cruelty and crime, our Government will treat them as it would any barbarian or piratical nation, and compel their surrender, or exterminate them from the face of the earth as a common nuisance and a chronic disturber of the peace of the world.

Either Spain itself must disband this organized mob, or the Government of the United States will become the executor of the united voice of civilized nations.

A NEW REVELATION.—A new revelation has been granted Democracy. Like past revelations, it is brilliant with promise. The last was a freak of nature, or rather nature overflowing—not with the milk of human kindness, but the waters of Democratic wrath. It came, or rather was to come, in the shape of a tidal wave, that was to sweep every living thing from the political sphere except Democratic virtue, kindly leaving this as the seed from which to germinate a fresh stock of political purity under the new dispensation of the Liberal Reformers. But the tidal wave didn't come. The ripple caused by a few soreheads dropped overboard, and floundering in water beyond their depth, was mistaken for a tidal wave, and the foolish believers never discovered their mistake until the rising tide of Republicanism drove them from the shore, and leveled their sand-hill lookouts to the level of the sea.

But the revelation of to-day is said to be a genuine one. They have abandoned the tidal wave theory, and henceforth intend to stick to the dry land. As Neptune played them false, the favorite goddess, Ceres, has this time been invoked, and from her brain this latest revelation is said to have come. The tidal wave theory was an unfortunate one from its inception. It repelled Democracy, because it implied a close relationship to water—an idea sufficient of itself to turn

a crowd of thirsty Democrats in an opposite direction. If Bacchus could have been joined with Neptune the picture could have been made more attractive, and would no doubt have retained by the laws of affinity much of the element that broke away in disgust. But with Ceres as their leader they hope to profit by their sad experience and do better in the future. Already they see the sturdy farmer beating his pruning-hook into swords and converting his plowshares into guns, preparatory to a grand attack on the Republican party.

Lest they should expire before this attack is made they have sent their agents out among the farmers, and have made through them all sorts of promises of future good behavior; if the Grangers will only turn in and help them destroy the Republican party—kill this powerful organization—and they promise anything. The railroads will be forced to pay the farmer for the privilege of transporting his grain; every barnyard shall be connected with the seaboard by a water line, open through the coldest winter; every county shall have its own ship canal, and the most distant relation of an anti-Republican farmer shall have a perpetual free-pass over any road in the United States. Aside from this they are ready to covenant that none but Democratic farmers shall hold office or handle a dollar of the public money, and would no doubt agree to make it a capital offense for any one but a farmer to aspire to legislative honors. In fact, this new revelation from the harvest-fields of the West has had a peculiar effect on the Democratic politician. He no longer resents what he formerly thought an insult. "Call him a "dead-beat," and he smiles at the agricultural flavor of his character. "An old seed" is an honorable title, because it smacks of the farm. He would rather be called a "cabbage-head" than a railroad director, while the older affront of "small potatoes" would be sweeter music to his ears than the charge of being the wealthiest commission merchant in Chicago. Even whisky, the oldest if not the strongest ally of De-

mocracy, has been expunged from the party vocabulary, and is only known by its agricultural term of old rye or corn juice.

Just when or where this singular transformation is to end we are unable to say. It may have a good effect. It is sure to have, if it drives to honest farm-labor the ambitious office-seekers, who for years have been loafing around the taverns of the land. If our friends the Grangers can only impress upon the average politician of both parties that bar-room tickets, and barter and sale among politicians, are at a heavy discount, we shall thank them for an influence that our country has long needed. In the meantime we must compose our souls to await patiently future developments. If Democracy can swallow the Grangers, it will be no longer Democracy. So hearty and healthy a meal will transform its whole system. If the Grangers swallow Democracy, the dose will make them sick, and they will gladly get rid of it. So, look at it as we will, there is positive good either way, and nothing for the Republican party to fear. Before the next Presidential election we shall see Democracy turned out of the farmers' camp, and begging from State to State for another Greeley to lead it to victory.

THE ESTABLISHMENT OF REPUBLICAN DEBATING CLUBS.—What is most needed in these days of blind excitement, when passions and prejudices are being aroused, is free and full discussion. Particularly should the young men be induced to investigate political questions for themselves, for shortly the present generation will be compelled to hand the Government into the keeping of the youth who are just entering upon the stage of active life. The permanence of our Government and the preservation of our institutions can only be secured by a thorough political education of the masses, and in no manner can that be better obtained than by debates and lectures. We earnestly advise, therefore, our friends of the press not merely to mention this subject editorially, but to use their personal influence

to establish these debating and lecturing associations under Republican auspices, which ought to admit, however, the utmost latitude of discussion, for our party will gain in proportion as truth is evolved. The new questions of the proper legal restraints against organized capital, in the form of joint stock companies, as well as the methods of improving inter-State communication, are yet new to most men, and therefore, if the proper solution of these questions is to be had, a thorough discussion brought home to every fireside is essential.

The slavery question was discussed for thirty years before the final abolition of slavery was secured, and an exhaustive discussion upon these problems of social science is also essential before questions still more difficult and intricate can be satisfactorily adjusted.

Organization, full discussion, and lectures by our leading men as well as by local speakers should be secured for the coming winter, as one of the means which will secure both the permanency of the Republic and of the Republican party.

We are authorized to state that the Congressional Republican Committee most heartily recommends the adoption of these measures, and solicits the names of the officers of these debating clubs or lecture associations, for the purpose of supplying them with all documents needed for intelligent discussion.

Lectures for the benefit of the poor can also be given under the auspices of these Republican clubs, and thus we can prove by acts of charity that we are not indifferent to our suffering fellow-citizens. If we prove to the masses by deeds of unselfish devotion that we are their friends in poverty and distress, they will very generally remember us with gratitude. The distribution of a thousand loaves of bread by prominent Republicans to all poor alike, no matter whether they are Democrats or non-voters, and without any intention of exerting political influence, will nevertheless incidentally create friendships and attachments that will be of political advantage both to the giver and the organization to which he belongs.

LET US COUNSEL TOGETHER.—We recommend most earnestly that the Republicans of both houses of Congress will appoint executive committees for the purpose of calling friendly conferences for consultation. Confidential meetings of political friends for the discussion of great measures of policy are absolutely essential for success. In union there is strength; differences of opinion can be harmonized, asperities avoided, and the majority remain unbroken when acting in its official capacity in the House, if friendly consultations have taken place. In times like these there is no room for individual ambition. Would-be leaders must harmonize with each other, for they will fritter away their own strength and belittle each other if their jealousies are manifested in open session. Harmonious action upon the financial and inter-State transportation problems are absolutely essential to enable the members who are up for re-election to achieve success at the polls.

In the face of the feverish, excited, and unreliable condition of political affairs every effort should be made to secure perfect harmony between ourselves and a friendly feeling between the members of our party. There has been too much adverse criticism among members already, and the continuation of this course can only result in the defeat of the entire organization, carrying down in its ruin the good and bad alike.

The press has a great duty to perform in pointing out to members of both houses the imminent danger which inaction and discord will bring upon the party.

THE NEW YORK ELECTION.—If the Democrats keep back the official vote in the State of New York a week or two longer they will have nothing to boast of. They have made considerable noise, and put away enough whisky to float a man-of-war, over a brilliant Democratic victory in the Empire State; but every day sees the victory growing smaller and smaller, so that it is a matter of doubt whether they have carried an office of

any importance on the State ticket. The most important office in the State which was filled at the last election was that of Comptroller. The Republicans elected their candidate, Mr. Hopkins, by nearly five thousand majority. The Secretary of State is but a clerk to the Governor, and a Democratic clerk, under Governor Dix, can do but little harm. The Democrats captured the position of Treasurer, but his accounts must all pass the scrutiny of the Comptroller, so we have little to fear from him. We have State Prison Inspector, a majority of each branch of the Legislature, and a Republican Governor holding over from last year. Yet the Democrats claim a great victory, and say that New York has resumed her place in the ranks of the Democracy. If they can find enjoyment in such idle boasting we are not the ones to object. To us the victory looks a little Republican in its character. If a State becomes Democratic with a Republican Governor, Legislature, Comptroller, and State Prison Inspector, what would it be if Democracy held all these important positions?

THE REPUBLIC AND THE PRESS.—We insert herewith only one of the hundreds of similar commendatory notices which our magazine has received by the press; and these are especially valuable because we have not promised the course, now almost universal, of sending out prepared printed notices for insertions. The annexed is from the Lancaster (Ohio) *Gazette*:

"We are in receipt of the November number of the *THE REPUBLIC*. This, the ninth number, is especially valuable for the importance and value of the information it imparts, discussing with ability vital questions of the day. The *REPUBLIC* has a field peculiarly its own, its aim being to disseminate political information. Its mission seems to be, not to approve everything that may be done by a Republican Administration, but to point out the way to what should be done by the Administration and the party in order to maintain its usefulness, and consequently its hold upon the affections of the people. No intelligent citizen should be without it."

THE ADMINISTRATION AND PROTECTION TO IMMIGRANTS.

We publish the report of Mr. J. Fred. Meyers on the subject of protection to immigration in full, not merely on account of its intrinsic merits and the great importance of the subject, but as an evidence that the Administration has not been unmindful of the interest of our foreign-born countrymen.

More than two years ago the author called the attention of Secretary Boutwell to the question, who at once ordered an investigation. A report upon the subject was made by Mr. Meyers, which was laid before both houses of Congress by the President of the United States in a special message. Bills were also introduced, and Messrs. Conger, of Michigan, and Finckelburg, of Missouri, deserve great credit for their zeal in the cause.

The Senate during the extra session ordered a further examination, and Secretary Richardson appointed a commission of five gentlemen and a lady to gather up and systematize all the information which inquiry and personal experience could attain. This commission, of which Mr. Meyers is a member, will no doubt succeed in drafting suitable legislative remedies for the consideration of Congress. The Administration has inaugurated this reform in a manner so unostentatious that it has never received the proper credit for its efforts. We hope that the public press will not neglect to discuss the question so that foreign-born citizens, who have been deluded by malicious charges of hostility on the part of the Administration to their interests, may not merely feel that their rights as citizens are safe, but that their special interests are duly considered. Mr. Meyers, himself a foreign-born citizen, deserves recognition for his indefatigable zeal in the advocacy of Government protection to immigrants:

REPORT OF MR. J. FRED. MEYERS
ON PROTECTION TO IMMIGRANTS.

Hon. William A. Richardson, Secretary
of the Treasury:

SIR: In compliance with your letter of instructions, directing me to make a further examination of the methods of

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transportation of steerage emigrants, with a view of obtaining the information demanded by Senate resolution of March 11, I took passage on the steamer Silesia, which arrived in Hamburg on the 1st of May.

More than two years ago I called the attention of the Department to the fact that legislation for the better protection of emigrants *in transitu* was desirable, and an investigation was directed. My report, which was transmitted to Congress by the President of the United States in a special message, dated May 14, 1872, and the bills introduced in pursuance of his recommendations have led the Senate of the United States to seek further light upon the subject; and the prompt appointment of a commission of inquiry by the Department is evidence of its appreciation of the important character of the subject, and of its desire to obtain full information so that suitable legislation may be secured.

The differences between the present and past centuries are most strikingly illustrated by the great emigration movement of the peoples. Emigration *en masse* in times past meant war—the invasion of England by the Saxons, of Gaul, Spain, and Italy by the Goths, and of Western Europe by the Huns being noted examples. And yet, important as those movements were, the annual arrival within the ports of the United States of upward of three hundred thousand souls equals, if it does not exceed, the invading hordes of those times. The difference of the value of humanity has also become strikingly manifest, because formerly the country from which the population departed rejoiced at their departure, because more room was left for those that remained, while the countries that were overrun resisted by force of arms the influx of this new element; but now the countries invaded receive these millions of emigrants with open arms, while the nations from which they leave part with them with so great a reluctance that they obstruct their departure by every moral means within their command. The fact that the Government of the United States has remained quiescent for so many years, in view of this enormous emigration, which is changing the very character of the nation, and has so powerful an influence upon its destiny, can only be accounted for because emigration has been hitherto regarded as transient, fluctuating, and incidental. But this is not the case, for the domain

of the United States is as capable of supporting five hundred millions of people as that of Europe is to sustain two hundred millions, and, therefore, for a century hence, with but such temporary interruptions as wars and political revolutions may bring, we may expect to receive no less than three millions of European emigrants every decade. The populations of the countries from which our emigration chiefly comes—Great Britain, Germany, Switzerland, Austria, and the Scandinavian countries—number upward of a hundred millions, so that the depletion, though it be three hundred thousand per year, is so small a per cent. that it is safe to hold that it will never diminish the aggregate of European population, because nature itself begins the thinning-out process by famine and disease when full subsistence can no longer be obtained.

The intelligent distribution upon our vast continent of this population, of which a great portion is ignorant of the English language, and their protection, so that they may not be robbed of their substance, and thus be prevented from obtaining an orderly foothold as families, are among the great and important problems of American statesmanship. In the consideration of this important theme both the legislative and executive branches of our Government should strive to seek a solution based upon absolute and scientific principles; and in this spirit, and deeply impressed with its importance, I have endeavored to execute my commission.

And even at the very threshold of this report permit me to remark that the agitation of the subject and the appointment of this commission has already caused great improvements in the transportation service, and that, even if no legislative action were to follow, the commission, by calling the attention of the steamship companies to the subject, has brought about many beneficial results. The profits of this carrying trade are so enormous, and the competition between the companies so great, that few, if any, are so careless of their interests as to hazard a specific report against their lines, and therefore the utmost courtesy was shown to me by the Hamburg and Bremen Steamship Companies, which transport four-fifths of the German emigrants to the United States, and with the examination of which I was specially charged. I addressed to them a number of specific inquiries, which were fully answered, and which appear as an appendix to my report, but as their answers were almost identical the translation of the Bremen

series is only annexed. I also submit a translation of the statutes enacted by the Senate of Bremen, which are still in force, notwithstanding the change of the political status of the free cities, and regulate the shipment of passengers. The statutes of the city of Hamburg are so nearly similar and the deviations so unimportant that for all practical purposes they may be deemed identical. These also appear in the appendix.

EMBARKATION ABROAD.

A voyage of transportation may, for convenience, be divided into four parts—embarkation, the voyage, the landing, and inland transportation within the United States. As to the embarkation, it must necessarily be regulated by the statutes of the country from which the departure takes place, and the German Empire is about to prepare more complete regulations upon the subject, though if the Hamburg and Bremen statutes are literally complied with, little more can be desired. There are stationed, both at Hamburg and Bremen, officers appointed by the city, who have a bureau at the railway depots and whose duty it is to impart all needful information and direction to emigrants.

Considering that these people are leaving their homes, and that the country in which they have hitherto lived has less concern in their welfare than the United States, where they expect to remain, the skillful and faithful execution of their trusts by these officers in affording all needful aid to emigrants is highly commendable, and it is to be regretted that hitherto the Government of the United States has had no similar system within its limits. It is true that the State of New York, where two-thirds of the European emigrants land, has inaugurated a system of surveillance at the emigrants' expense, and that some patriotic and philanthropic volunteer societies have also aided the new-comer in various ways, but the Federal Government has until recently taken no steps toward exercising supervision.

In point of fact, not even correct statistics are required by law to be kept of those emigrants that leave the United States in the steerage; which is an important defect for the maintenance of correct emigration statistics. This exodus is moreover considerable, and increasing from year to year. In the steamer *Silesia* alone were upward of one hundred and fifty steerage emigrants. The greater number were merely on a visit to their old homes, but some of them intended to remain, and I believe that a law re-

quiring steamship companies to deposit with the collectors of customs a complete passenger list of all passengers carried, is desirable.

THE OCEAN VOYAGE.

Foremost to the comfort of steerage emigrants is the amount of space which is allowed them. The English and American law provides that at least twelve superficial feet of space shall be allowed to each statute passenger, which means every person above 10 years of age—children between 1 and 10 years being rated as half passengers, and infants being excluded in the allotment of space.

The statutes of Bremen and Hamburg require an allowance of fourteen square feet of space if the deck is only between five and a half and six feet in height and for twelve square feet when the decks exceed that height, which is the case in all modernly-constructed steamers. Thus, practically, the laws of England, Germany, and the United States agree upon allowing as a minimum space twelve superficial feet below deck to each steerage passenger.

As most steerage passengers emigrate in families, a very considerable amount of luggage must also be kept within reach, which necessarily takes up considerable of the vacant space. I am fully convinced that no considerable amount of additional comfort can be placed within the reach of the steerage passenger unless the space is enlarged. Very often stormy weather confines passengers for three or more days below deck, in three compartments, which are crowded with nearly a thousand human beings. Each statute passenger is compelled to sleep, eat, and exist in a space of one and a third square yard, and close confinement like this can not be otherwise than injurious to health, and expose them to miseries which no pen can describe. During the days of sea-sickness, when probably one-fourth of these people are vomiting at the same time, the fumes arising aggravate the nausea and prolong the disease. The groans of the sick adults, the moaning of infants, and the cries of a hundred children present a scene which only the master-hand of a Rubens could portray.

Considering the fact that the passenger in the first cabin pays \$120, in the second cabin \$72, and in the steerage \$40, the steerage passenger pays four times more in proportion to that of the two other classes.

The passenger of the first class has at least eight times the room of the steerage passenger with five meals per day of the most expensive character, the abso-

lute worth of which can not be less than \$3, while the food of the emigrant is at best of the most simple character, the cost of which can not exceed 25 cents per day.

It has already been pointed out that the separate but concurrent legislation of the cities of Hamburg and Bremen, and of England and the United States, has settled upon twelve square feet of room as the least possible space to be allowed to each steerage passenger; but, notwithstanding the fair professions of the steamship companies, this legislative provision is never respected when a larger number of passengers are on hand for transportation. Thus, the steamer *Deutschland*, on which I returned to the United States, started on a previous voyage from Bremen on the 20th of May with 663 steerage passengers and 93 cabin passengers, arriving in New York city on the 1st of June. As the number of superficial square feet of the steerage-passenger deck is put down at 5,922, only 10½ square feet were allowed to each statute passenger, thus carrying 125 more passengers than the law allowed. In fact, there were less than nine square feet, or one square yard, allowed to the actual number (663) conveyed.

The *Saxonia*, which started from Hamburg on the 18th of May, arriving at New York on the 4th of June, carried twelve hundred and fifty-seven statute passengers, which were four hundred and twenty-three and one-half more than the law permitted, on the twelve square feet basis. The *Westphalia* carried one hundred and fifty-seven, and the *Thuringia* one hundred and fifty-six passengers in excess of legal limitation.

The records show that the English lines respect their laws no better, for the City of Paris, for instance, brought an excess of two hundred and fifty-six passengers. In fact, it seems as though organized capital, in the form of corporations, deems itself beyond law, and sweeps it away like a cobweb when it stands between it and large dividends. While claiming all the benefits of the Governmental enforcement of the laws of contract against the poor, it respects neither the claims nor needs of humanity; and it is to be hoped that either through international treaty, or through municipal legislation, means will be devised that will cause the laws of the country to be respected alike by rich and poor.

A number of passengers are still carried by sailing vessels, and as the passage in these ships is so much more prolonged, a much larger amount of space is necessary than upon steamships; and I believe

that at least twenty square feet should be insisted upon, even though it lead to the suppression of the carrying-trade by sailing vessels entirely. The mortality upon these ships is very great. For instance, the Marco Polo sailed from Bremen with 364 passengers, and was 103 days out, and lost 29 persons by disease during the voyage, of which 23 were children under 8 years of age. The Argonaut was also 43 days out, carrying 423 passengers, of which ten died—eight being children. The Helene carried 359 passengers, and was out 52 days, and lost 7 passengers. Thus it will be seen that 46 persons died on these three vessels, while it is very rarely that more than one or two deaths occur during a voyage on a steamship.

In regulating the amount of space requisite for steerage passengers the amount of deck-room on the spar deck must also be taken into consideration, for it is all-essential that passengers should have the chance to spend most of their time, when not prevented by storm, in the open air. Inasmuch as nearly one-half of the deck is devoted to the use of cabin passengers, and the forecastle becomes unavailable on account of the frequency of the water pouring over it, and the center of the deck is, in great part, occupied by the smokestacks and ventilators, but a small portion of the deck is available for the use of steerage passengers; therefore, any law, to be effectual, should specify that, under no circumstances, should a ship of a certain size carry more than a certain number, to be regulated by the tonnage. At present quite frequently 1,200 steerage passengers are carried, and the crew and cabin passengers swell that number to 1,400 or 1,500. In case of disaster, moreover, the means of egress from the lower decks are not sufficient to permit any considerable number to come on deck. It would take at least twenty minutes, without any confusion or panic, to permit the passengers to come on deck from below through the three hatchways that are to them accessible.

The number of boats carried is moreover entirely insufficient to float that number. The carrying capacity of the life-boats does not exceed 400 even in the best-provided ships. I am informed that it is impracticable to carry a larger number of boats, with but one exception, that an additional boat might be suspended from the stern of the ship without in any way interfering with its proper management. This deficiency of boats is a very serious question, for had the City of Washington, which was recently wrecked, been overtaken by a rough sea, nearly all the passengers, which it took

several hours to transfer to the shore, would have perished. Rafts, supported by india-rubber bags, to be inflated at the proper time, have been suggested; and it seems to me that if there were less indifference, and a more earnest desire to provide means of escape, materials could be collected that would answer in the nature of a raft, and might be the means of saving many valuable lives.

Great improvements have been made in the ships more recently constructed to secure better ventilation. A number of large blowers have been introduced, some of which are turned to, and some from, the wind, so as to induce a circulation. Having visited the steerage several times each day, particularly early in the morning, I have found that wherever there was a bulkhead or obstruction to a through current of air these means of ventilation did not produce the desired effect. A great quantity of air was injected, but it did not penetrate more than twenty or thirty feet lengthwise, that portion of the space nearest the bulkhead not being penetrated, and therefore the air not changed. I have no doubt that a sea voyage, when for a number of days the passengers are confined below by stormy weather, is decidedly deleterious to the constitution.

In view of these facts I claim that, as the basis of all domestic legislation or of negotiations with foreign powers, a very decided increase of space should be made. The bill introduced by Mr. Conger in the last Congress provided for the allowance of sixteen square feet of space; and although this was denounced by the friends of the steamship companies as so extravagant that they could not submit to it, I submit to the candid consideration of disinterested parties whether this space is not the least possible which should be allotted to human beings for a voyage of fifteen or more days.

I am glad to say that since my last report several improvements in the arrangements of the room occupied in the steerage have been made. Formerly berths were arranged on each side and in the center of the ship, leaving two narrow and dark passageways on both sides, which could scarcely ever be kept clean; but now the berths are placed entirely in two rows above each other on the sides of the ship, leaving but one passageway about ten feet in width in the center, the width of the berth having been reduced to eighteen inches, which leaves scarcely room for a large man to sleep on his side, and makes it impossible for him to turn over without rising during the entire voyage. It is true that by this smallment of the berth a little more room

has been obtained in the center, but I question whether the aggregate comfort has been increased. Passengers, moreover, have no tables or chairs, and many of them have not even a suitable tin vessel wherefrom to eat or wherein to keep their allowance of butter, &c. Some present preserve cans, quart measures, and wash-basins, and others use even more unsuitable vessels wherein to receive their meals. Much good could be done without entailing any additional expense upon the steamship companies if they would supply a suitable outfit, including a mattress, for a specified sum, for many passengers, ignorant of what is needed, come on board entirely unprepared, and are therefore put to great inconvenience.

SEPARATION OF THE SEXES.

Much has been done to secure a more suitable separation of the sexes. Formerly all families and single men slept in one great compartment, but a room was set apart of which single women could avail themselves by making application. Comparatively few availed themselves of this arrangement, and the consequence was that nearly all of them lived in this single compartment. At present the local agents of the companies are strictly enjoined to inquire whether a woman or man is single, and to sell them tickets marked A and C respectively. The family tickets are marked B. These letters represent three different compartments. A represents the apartment in the rear, and is given to single females. B represents the family apartment in the center, and C the apartment for single men, near the bow. This system has worked quite satisfactorily, and constitutes, probably, the best possible arrangement that can be made under the circumstances. The German steamers carry steerage passengers on the deck below the main deck, being two decks below the spar deck, and the berths are divided from each other by a board about six inches high, like so many bureau drawers.

An ocean steamer is an immense floating hotel; it has three different sets of boarders, an average of 60 in the first cabin, 120 in the second cabin, and from 300 to 700 in the steerage. Although the general system is the same in each line, yet so much is necessarily left to the discretion of the officers that each ship constitutes a community or organization by itself, and the character of the captain, purser, doctor, and steward have a very large influence upon the comparative comfort of the passengers. This is so well known that commercial travelers whose business takes them across the ocean frequently

have their favorite ships, and put themselves to considerable inconvenience for the sake of obtaining a passage on a particular vessel. It is, therefore, not merely necessary that general supervision be had over each line, but that a system of supervision over each steamer that carries large numbers of steerage emigrants be provided.

The food, although of the plainest description, is on the whole sufficient, and generally well cooked. Both the coffee and the tea are of inferior quality, and an improvement in these articles is very desirable. Even if the companies are unwilling to increase the aggregate cost of the provisions furnished, a smaller quantity of meat and a better quality of tea and coffee, as well as the distribution, twice a week, of some cucumber pickles, would be judicious, and no more expensive.

As to the general treatment of passengers by officers, each ship constitutes a community by itself; but, judging from those which I visited, there is no intention to oppress passengers, but on the contrary, a disposition to overlook many of their faults.

The officers of the vessels with whom I became acquainted were unanimous in their recommendation that any international law that may be provided should take cognizance of the peculiar relations of the captain to steerage passengers. At present the captain can only interfere upon the general ground that he is charged with the preservation of order, and the means of the enforcement of order are entirely arbitrary, such as confinement in irons and in a dark room.

Captains would greatly prefer if regulations were made and posted up, pointing out what manner of penalties would be incurred by certain offenses. For instance, smoking in the berths is strictly prohibited, and for the best of reasons, and yet passengers are repeatedly caught smoking in their berths. Now, it is true, the captain could exercise his power and punish the guilty parties, but as his acts are liable to animadversion and misrepresentation, particularly by rival lines, it is felt that the least possible interference with passengers is the only safe method. Again, sometimes passengers are robbed. Thieves have smuggled themselves into the hold, and money or goods are missing. Should not the captain, in these circumstances, be authorized to search suspected parties, or to separate certain parties from the passengers whose conduct against order and decency give good grounds for complaint? At present it is justly said that regulations are only posted up relating to the duties of officers and

not to the duties of passengers, which are equally important.

I was gratified to perceive that the police system and the watches at night between decks have been greatly improved. The number of stewards, whose duty it is to keep the deck clean and to wait upon sick passengers, have been augmented, and the inspections of the captain are much more thorough than they were formerly. A couple of female stewards, or nurses, whose sole duty it should be to wait upon sick women and children, would be very desirable; and although there is much difficulty in obtaining the proper persons, owing to the hardships of a steerage voyage, and the small returns in presents which can be expected, still humanity requires that the company pay a sufficient sum, so as to secure suitable persons for that purpose. I think, moreover, that officers should be especially authorized to insist upon personal cleanliness as far as circumstances admit. It is a well-founded complaint that many passengers will not keep themselves clean, and by throwing meats and other things upon the decks keep them in a constant state of filth. It is also almost impossible to keep the water-closets clean, though they are cleansed several times each day. This want of personal cleanliness is a cause of very great annoyance to those who are disposed to be clean, but it is found almost impossible to prevent the vermin from infesting all the occupants of the steerage decks.

The effect of the law, which is strictly enforced, compelling the payment of ten dollars for every steerage passenger that dies on the voyage, has had a most happy effect in diminishing the number of deaths, and I believe that a similar forfeit, to be collected by the collector, for all passengers carried in excess of the number prescribed by law would be a simple and efficient means of restraining undue and excessive overcrowding. Thus, while making every allowance for the necessary difficulties and hardships of an ocean voyage, and seeking to enforce no unreasonable or expensive requirements, I believe that much can be done by judicious legislation to augment the safety and comfort of passengers, without too greatly entrenching upon the profits of the carrying trade.

THE LANDING OF PASSENGERS.

The third stage of the emigrants' voyage is the landing at the port. In New York city, where two-thirds of the passengers are landed, the Castle Garden Commission, at an expense of \$400,000 levied upon the passengers, seeks to pro-

vide proper means. The barges upon which passengers are conveyed from the ship to Castle Garden are utterly unsuitable, because they contain no inclosed room for the use of women and children. The baggage is placed in the center, while the passengers are crowded around the edges, subject frequently to cold winds and rain-storms, which are very trying to the weak and sick. Considering the fact that the steamship companies have to pay \$10 an hour for the use of these miserable crafts from the time they leave the wharf until they are fully discharged, much more suitable barges ought to be provided. Castle Garden itself remains in the condition of a circular place of public amusement, and ought long ago to have been divided up into rooms, with tables and benches, and provided with proper facilities for washing, and a reasonable degree of privacy. I am informed that the agent stationed there to sell tickets for the three great lines of railways—the New York Central, the Erie, and Pennsylvania Central—is allowed ten per cent. commission for the passage, and fifteen per cent. on the amount collected on freight for extra baggage. It seems to me that the commission might have a salaried agent of their own, and give the benefit of this ten and fifteen per cent. to the emigrant instead of to the agent, who, if he receives the whole amount, pockets more than one hundred thousand dollars a year—a salary or perquisite before which that of the President of the United States dwindles into insignificance. It is also unjust to compel passengers to part with their luggage under the regulations of the commission. For chests and boxes passengers receive checks; but for bundles, which often consist of valuable bedding, they receive no checks or other evidence of deposit whatever. Now, if the commission compels these people to part with their property, they should give them some evidence of deposit; and if the commission does not choose to assume the responsibility of the bundles, owing to their frail nature, they ought to leave it optional with the passengers whether they deposit or not.

No means of conveyance are provided to take the passengers to the depots, except the express wagons, that are loaded high up with boxes. If women with infants have the courage to venture upon them, they may ride, but the most of them are compelled to walk from Castle Garden up to the Central railway depot, a distance of several miles. The newspapers of New York city have frequently noted and criticised this state of affairs, and it is very singular that it has been so

long permitted to be continued in the face of the Castle Garden Commission.

THE CASTLE GARDEN COMMISSION.

I am not disposed to question that an organization like the Castle Garden Commission is not calculated to do much good when properly conducted, and since the weak and sick and very poor are necessarily compelled to remain at the port of landing, I do not deny the justice of the State of New York in insisting upon some compensation; but whether it is public policy to levy any sum upon passengers or of making the levy uniform at all the ports of the United States, or whether the State or Federal Government ought to assume the expenses, is a question to be more properly determined by the legislative branch of our Government, which is more directly responsible to the people for the expenses of the nation. If custom-house inspectors detailed to examine emigrants' baggage were able to speak the German and other Continental languages, or if an interpreter were stationed there, it would frequently facilitate inspection of goods and prevent misunderstandings.

INTER-STATE TRANSIT.

The fourth and last stage of the emigrant's passage is the transit to his home, generally in the West, over the railways and other conveyances. At all the ports that I have visited except New York the railway depot is the first home and landing-place of the emigrant. Some of the depots have suitable rooms, while others have not; and when emigration, as it was in May last, is very numerous, extra emigrant trains are sent out, which, being "wild trains," are compelled to keep out of the way of others, so that four days are consumed between New York and Chicago. There is also very great carelessness on the part of many railway employees in keeping the cars clean and properly supplied with water.

The charges for fare, considering the kind of transportation furnished, is also very high, being about three-fourths of that charged for first-class passengers. The charges for extra baggage amount almost to confiscation. Eighty pounds of baggage only are allowed to each adult passenger, and as the Germans and Scandinavians particularly bring with them, in heavy boxes, large quantities of household goods, the extra freight charge amounts very often to more than the passage money. As an illustration of the rapacity of these railways, and the small consideration that they have for these emigrants, whom they seek to induce to settle upon their railway grants, I here-

with annex the charges for various points in the several Western States. It will be seen that \$120 per ton of freight, carried on slowly-moving trains, is charged to any point in Kansas, and that if similar charges were made upon a barrel of flour, the freight would amount to from ten to fifteen dollars. The entire table of charges is given in the appendix, and a few points, as specimens, are selected at random:

Tabular Statement of Fares and for Extra Package charged per hundred pounds.

	Emigrant rate.	Extra luggage per 100 lbs.
Appleton, Wis.....	\$20 10	\$4 25
Augusta, Kan.....	32 75	7 70
Albert Lea, Minn.....	24 30	5 40
Berlin, Wis.....	19 10	4 00
Breckinridge, Minn.....	34 0	6 90
Cairo, Ill.....	17 40	4 00
Carson, Col.....	40 85	10 10
Chattanooga, Tenn.....	20 50	5 25
Cincinnati, Ohio.....	11 50	2 80
Coldwater, Mich.....	11 60	2 80
Detroit, Mich.....	10 00	2 45
Dubuque, Iowa.....	18 75	4 30
Chicago, Ill.....	13 00	3 10
Eureka, Kan.....	31 75	8 30
Fox Lake, Wis.....	18 05	3 95
Prairie du Chien, Wis.....	20 80	4 45
Prescott, Wis.....	23 50	5 40
Vicksburg, Miss.....	23 75	5 90

For the purpose of affording aid and advice to the German emigrants, which are the most numerous of those who do not speak the English language, volunteer societies have been organized, and have achieved much good. There is one of these in nearly all the large cities of the Union. The one organized in Chicago, under the presidency of Hon. George Schneider, president of the Bank of Illinois, deserves particular mention. Several thousand dollars are annually subscribed for the purpose of maintaining in office two agents, whose duty it is to impart information to emigrants, to furnish them with employment, as far as practicable, and hunt up lost baggage, and to aid them in obtaining redress for grievances. They have done much good, but it is the testimony of the president and of the officers that the power of the Government is needed to secure justice in many cases. Inasmuch as the emigrant is unable to wait the convenience of the ordinary courts of justice, all legislation for his relief must fail unless United States commissioners are clothed with summary jurisdiction, like admiralty courts or the commissioners appointed for the protection of seamen. I am also informed that the robbery of emigrants' baggage amounts to almost a system. Every month from twenty to

thirty cases arise of missing baggage, about fifty per cent. of which is, after a long and tedious correspondence, recovered. A Federal officer, stationed at the point of transfer, charged with the duty of aiding passengers in the recovery of missing baggage, would be of incalculable benefit, for no case can be more deplorable than that of strangers, in a strange land, ignorant of the language, with but little means, deprived of their clothing and household goods.

It very often constitutes the difference between settling in a home in the country and a miserable existence for daily bread in a large city, where, in the nature of things, many men must be without employment at times. Surely, considering the large benefits which the United States derive from this influx of physical working power, so much concession ought to be made to their interests, that a room be rented near the principal depots, and officers stationed there with the power of arrest, and with duties to aid and assist the emigrants in whatever way it is suitable.

SUMMARY OF RECOMMENDATION.

I have but little to add to the recommendations contained in my former report, [Senate Document, No. —,] nor to suggest many alterations to Senate bill, No. 1245, which was drafted in pursuance thereof, and which was up for discussion at the last session of Congress.

I.—THE NEGOTIATION OF TREATIES.

While the negotiation of international treaties with Great Britain, Germany, and the other Powers interested would be desirable, I do not deem them sufficiently necessary to induce our Government to tie its hands by stipulations not made primarily for the protection of the emigrant, but in the interests of transportation companies.

One of the provisions of such treaties should be the appointment of Government agents, selected by a joint commission of the contracting Powers, who should be placed upon every ship, to accompany it upon its voyage if it expects to carry upward of a certain number—say 250—of emigrants in the steerage. An agent possessing the proper qualifications of intelligence and moral character would be of invaluable service, both to the emigrants and to the steamship companies. The emigrants, knowing that the eye of the joint governments is upon them, would be much more peaceably disposed, and thus very many misunderstandings and asperities would be avoided. In all cases of accident or disaster his testimony would be valuable, and the expense would

be but a trifle compared with the aggregate cost of the passage and its probable profits.

A conversation with the President of the Executive Bureau of the German Empire, (Reichskanzler-Amt.), Mr. von Delbrueck, has left the impression upon my mind that the Government is desirous of securing the better protection of the emigrant, and is engaged in the inauguration of measures of its own for that purpose. Nor is the fact that agents of States and of private corporations, who devoted their attention solely to induce emigration to a particular point, have been compelled to abandon this vocation or leave the country, and that the Government is confessedly desirous to diminish emigration, to be taken as conclusive evidence that it is indisposed to legislate in behalf of protection. On the contrary, legislation for the greater comfort and safety of emigrants, even if it should raise the price of the passage, would only be an additional indirect measure designed to retain the working men in their native land.

II.—FINES TO BE COLLECTED BY THE COLLECTOR OF CUSTOMS.

But there is danger that the desirability of securing international treaties may be overestimated. Our Government can secure a due regard for the law of limitations, as to the number of passengers to be carried, and the space to be appropriated to their use, by simply enacting that the collector of the port shall collect a fine of \$10 for every person carried in excess, and that the ship will be held liable, as in all other cases of customs dues. Nor do I see any reason why steamship companies engaged in the emigrant carrying trade should not be compelled to have a Government agent on board, upon the same principle as they are compelled to take a pilot or a health officer.

III.—THE ESTABLISHMENT OF AN EMIGRATION BUREAU.

A bureau of emigration, supervising the machinery of transportation, and giving, through its agents, all needful information so as to secure the equal distribution of emigrants to points where labor is needed, is all-essential. Unless some one is specially charged with the execution of these duties, who can be held responsible, both by the Government and by public opinion, laws, however well designed, will remain unexecuted. It may not be desirable to abolish the Castle Garden Commission, but that it and all volunteer organizations should be placed under the supervision of the

Commissioner of Emigration there can be no doubt. Volunteer emigrant aid societies everywhere complain of their want of power, because, as private individuals, they have neither the power to arrest nor to prosecute offenders, and thus their efficiency is impaired.

IV.—THE ESTABLISHMENT OF EMIGRANT COURTS.

I am also fully convinced that inferior courts, with powers similar to those of the shipping commissioners for sailors, should be established at the principal ports of entry and transshipment. An emigrant court commissioner, with summary jurisdiction in all cases for minor complaints, is essential to secure justice, because it is impossible for emigrants to remain and await the slow process of the regular courts. Justices of the peace in our large cities are very apt to be under the influence of boarding-house keepers and emigrant-runners. The day of trial is, therefore, frequently delayed; so that it is more profitable to submit to robbery and extortion than to insist upon prosecution.

V.—REGULATION OF RAILWAY TRANSPORTATION.

Among the most wise and salutary provisions of the Federal Constitution is that which empowers Congress to regulate the inter-State commerce; and the exercise of this prerogative for the better protection of emigrants upon our railways, compelling railway companies to run the trains upon schedule time, and restraining their extortionate charges upon extra baggage, can not fail to have a beneficial effect.

The fare for a passage on an emigrant train is about three-fourths of the price charged for a first-class passage on the regular trains, while the charges upon extra baggage, deducting eighty pounds for each passenger, are so enormous as almost to amount to confiscation. Since one-third of all the passengers that arrive in the United States, numbering upward of one hundred thousand per year, arrive at ports other than that of New York city; and since nearly the entire number passes from beyond the control of the Castle Garden Commission, laws for their protection upon the railways and other inland conveyances seem to be imperatively demanded.

Since the last Congress, moved by philanthropic motives, did not hesitate to throw the protecting arm of the Government over dumb cattle *in transitu*, it is to be hoped that the almost equally helpless emigrants—of whom a majority are ignorant of the dominant language

spoken in the United States—will not be neglected.

The United States is not the only country which invites the emigration of Europeans. Great Britain gives free passages to its Australian colonies, and there is also a large bounty paid for emigration to the Canadas. The Brazilian Empire and other South American States have also made exertions to obtain a portion of this very valuable population. A high compliment is, therefore, paid to our institutions and people, as well as to the resources of the American continent, when emigrants seek our shores almost exclusively, though no bounties are paid, nor inducements even in the nature of special legislation or protection have been held out by the Federal Government. This involuntary compliment is enhanced by those who, having accumulated ample fortunes and sought to spend them in their former homes, have almost uniformly returned to their adopted land.

Facts like these go far in refutation of the complaints against the character of our Government and people which are so industriously circulated by journals in the interests of monarchical institutions abroad, and for partisan purposes at home.

The only objection which has hitherto been raised against the establishment of an emigration bureau was the alleged fear that the appointment of additional officers would lead to too great centralization on the part of the Federal Government; but since the inauguration of the present civil service system, which theoretically places persons of every shade of political opinion upon an equal footing in the competition for office, this objection has lost very much in force, because the civil agents of the Government, however numerous, can at the most but constitute a moral but never a physical danger.

The kindly interest evinced by the President in his special message, and the prompt action of the Department in compliance with the Senate resolution of inquiry, as well as the favorable state of public opinion manifested by petitions and the public press, lead me to hope that a suitable and well-matured law will speedily be enacted.

Appreciating the confidence of the Department, which, for a second time, has intrusted me with a mission which, as a foreign-born citizen, has specially commended itself to my judgment and sympathy, I remain, with high consideration, your obedient servant.

J. FRED. MEYERS,

Of Emigration Inquiry Commission.

WORK FOR CONGRESS.

From all appearances the approaching session of Congress will be the most important since the adjustment of the questions arising out of the war. Not merely is the political situation feverish and threatening, but our financial and commercial systems have again entered into a state of disarrangement which, in an active and enterprising country like ours, will ever periodically recur. In fact, experience has shown that all systems of government and all social organizations, both in war and in peace, whether their currency is specie, as in Germany and England, or legal-tender paper, as in Austria, are subject to monetary disarrangements, known as "financial crises," for which a more adequate term would be, a "shrinkage of values" as compared with money as currency. Early in the spring the revulsion began in Vienna, and resulted in four hundred and twenty-eight commercial failures, involving the loss of upward of fifty millions of dollars. It spread to Berlin, where only the direct interference of the Government, which placed a portion of the war indemnity fund at the disposal of the banks, prevented a similar disastrous result; and lately in the United States the same causes have also produced financial distress of no ordinary magnitude.

All the branches of the Government being, moreover, in the hands of the Republican party, upon it falls the heavy burden of affirmative action. Appreciating this responsibility, neither the clamor of the Opposition, which hopes, as during the times of war, to obtain political advantages by public disaster, nor the din of the temporarily-distressed, should move our statesmen into hasty and unripe legislation, for the Government and the party can only suffer by their own actions, and not by adverse criticism.

READ THE PUBLIC REPORTS.

In times so earnest, when distress and anxiety brood in many homes, the assembling of the new Congress is regarded

with unwonted solicitude. It is largely composed of new members, who have hitherto had but slight legislative experience. On the first day of the session, and for a few weeks thereafter, the members will find on their tables numerous and voluminous public documents, which give the history of the workings of the Government for the past fiscal year. The President's message and its accompanying documents, with auxiliary reports, comprise some ten thousand pages of reading matter. The members will also receive numerous social attentions—there will be parties, receptions, operas, and amusements. Bores and lobbyists will invade their chambers at home and beset them in the committee-rooms at the Capitol. The result will be that the public documents will remain unread, and that the members will take their information from abstracts and editorial comments and the daily correspondence of the press.

Few things are of value that are not the products of toil. No young Congressman can hope to reach eminence, though possessed of great brilliancy of talents, unless he makes it his conscientious duty to study these voluminous public reports. A careful and studious perusal of these, and time to think and to digest, are all essential to statesmanship. We give this timely warning, because laziness has been the political Waterloo of many men of talent and power, and the executive and judiciary branches of the Government have been greatly embarrassed by crude enactments.

I. THE FINANCIAL QUESTION.

Foremost the attention of Congress will be directed to the solution of the financial problem, and there would be great danger of precipitate and injudicious legislation, were it not for the fact that almost every member has a financial theory of his own, which differs from that of all others, and which curious mental condition has prevented, hitherto, much mischievous legislation. There never was a time when coolness of judg-

ment, independence of thought, clearness of mental vision, and imperturbability were more valuable qualities in a legislator than the present. The Government, remaining in its own sphere, exercising economy in expenditures, protecting the public credit, and remaining unmoved amid the tempest raging around it, constitutes the chief safety of the nation, and will cause a rapid restoration of confidence, which is the first requisite to the permanent improvement of the financial condition of the country.

THE ISSUE OF RESERVE NOTES.

The violent contest between the resumptionists and inflationists has again revived, and a war of words is fiercely waged. Both classes seem to forget that for Governmental purposes no theory can be accepted as self-evident truth until it has been tried both inductively and by experiment. Should the \$40,000,000 of currency remaining as a reserve in the Treasury be issued for the purpose of paying from month to month the excess of the expenditures of the Government over its income, which must necessarily greatly diminish during the next six months, we do not apprehend any violent consequences either way. Neither will the stringency of the money market be relieved, nor will the currency depreciate, nor will the day of equalization of values between paper and coin be put off thereby. \$800,000,000 of currency to forty millions of people scattered over a vast continent like ours, and transacting business in a wholesale and enterprising spirit, is not too much; but legislators should, on the other hand, never lose sight of the fact that it is very easy to slide down hill, but very difficult to return. All our past experience points to the fact that every additional million of dollars of currency issued will remain out forever, for the debtor interest is so much more powerful and clamorous than the creditor interest that a contraction can not be secured. Thus, while we do not anticipate any disastrous consequences from the issuance of the forty million dollars of reserve, constituting, as it does, an addition of only five per cent. to the

existing volume, in lieu of borrowing money on interest-bearing securities to pay the expenses of the Government, we nevertheless regard its issue as a necessary evil, and one of those measures which only extraordinary circumstances can justify.

THE REDEMPTION OF GREENBACKS.

Public attention has frequently been called to the fact that the Government has been remiss in taking care of its forced or legal-tender currency. All other classes of securities have been duly protected, but the legal-tender currency, which, after all, constitutes the people's capital, has been neglected. The promise of the United States on the face of the notes to pay has only been fulfilled in the sense that it was ready to give out a new dollar bill for every old bill presented for redemption. Since the five per cent. gold-bearing bonds are now at par, if the greenbacks were convertible into this description of bonds at the option of the holder, the currency would at once appreciate to par, and even four per cent. gold-bearing bonds may secure the same end. It is also justly complained that in those seasons of the year, particularly in midsummer, when large surplus funds accumulate in the money centers, the money thus unemployed is used in the inflation of stocks and in aid of other non-productive enterprises. If the greenbacks could be converted into bonds, to be re-exchanged when needed, the national banks as well as the mass of private capitalists would prefer that security to all others, and thus unproductive speculation would be greatly diminished. We believe that for the purpose of making our currency as good as coin we should not hesitate to permit it to be converted into gold-bearing bonds, because this would virtually constitute resumption. All any resumptionist can want is that the paper dollar shall equal the coined dollar, and whether that is brought about by the convertibility of that dollar into a bond or into a coined dollar is only a question of method, not at all affecting the principle.

It is true our currency can be equalized with coin by its redemption in gold coin

on presentation; but as long as the Government is compelled to pay a hundred and thirty millions of dollars in coin annually on the interest charge, resumption can not take place. Were our currency convertible into coin to-day we would have witnessed the spectacle of long lines of panic-stricken people rushing to the Treasury for specie, as they did to the savings banks, though money were known to be perfectly sound, and a suspension of specie payment by the Government would have been inevitable, thus proclaiming the Government itself bankrupt. Confidence in all values would have been still more disturbed, financial prostration increased, and the day of prosperity greatly postponed. Every citizen recognizes as one of the most promising and cheering facts that the Government, at least, has been able to fulfill all its legal obligations, paying coin on its interest charge, and currency for its other maturing obligations.

A FREE BANKING LAW WITH ADDITIONAL RESTRICTIONS.

We can see no objection to the repeal of that clause of the banking act which restricts the issuing of bank currency to three hundred and fifty-four millions of dollars. The national banking system has proved its excellency in this storm as no previous system ever did. Out of upward of seventeen hundred national banks but five or six have thus far succumbed, and these were chiefly owned by single firms. We therefore see no valid objection to the repeal of the restricting clause, so that capitalists in every section of the country may at all times be enabled to avail themselves of the act of incorporation. But we protest most earnestly, and in the interest of the banks themselves, against the relaxation of a single safeguard of the present excellent law. On the contrary, we are disposed to agree with Senator Boutwell that national banks should be prohibited from paying interest to depositors.

The present crisis has demonstrated that every provision of the present law is necessary for the protection of the billholder and depositor. Without these

provisions it will be impossible to revive and continue the confidence in the soundness of the banks by the masses of the people, and should they lose confidence in the system because the restrictions for their protection as depositors have been swept away, the banks themselves will collapse, and capital will seek other channels of deposit.

POST OFFICE SAVINGS BANKS.

The most deplorable consequence of the present financial crisis is the suspension of a number of savings banks. Few men can ever know or realize the sacrifices which a working man's family makes that heroically lays up a portion of the small earnings of its bread-earning members to gain the ownership of a home, or to attain security and relief in case of sickness or disaster; and when the product of so many self-sacrifices is swept away the discouragement ensuing is even worse than the direct loss.

The working man's savings represent the difference between comforts and necessities—between muslin and calico, between broadcloth and flannel, between calfskin boots and stogies. Men like these pre-eminently deserve the protecting arm of the Government. No private individual, however well disposed; no company, however rich, should be charged with this sacred trust. The Government alone should be the depository of these funds. If to the farmers, mechanics, and working men of our land the money-order post offices were opened to receive their deposits, paying 3.65 per cent. interest per annum, and guaranteeing to them absolute safety, an inducement for frugality and economy would be enforced, invaluable at all times, and more particularly precious in times like these. The Government would undoubtedly be intrusted with four hundred millions of dollars, as a permanent fund, wherewith to purchase its own gold-bearing obligations, and thus, by recalling its debt from abroad, and diminishing its coined interest charge, it would then, and not till then, be in position to redeem its forced greenback circulation in coin. But as this question has been

so fully discussed in other columns of the *Republic*, we only allude to it as one of the most important of the series of financial measures which Congress should adopt, not merely to tide over the present crisis, but to render the recurrence of another as remote and as devoid of disaster to the masses as possible.

II. THE INTERNAL IMPROVEMENT QUESTION.

It is highly creditable to the President, and another evidence of his breadth of judgment and care for the public welfare, that as early as in December last, months before the Granger and other similar movements had attracted public attention, he recommended the improvement of the tide-water lines of communication, so as to constitute an independent channel of competition with the railways for the transportation of coarse freight. Since that time the question has attained a sudden and spasmodic prominence, which might have resulted, had not the present financial crisis intervened, in much injudicious legislation. The Senatorial Inquiry Commission has everywhere been approached with schemes involving the expenditure of hundreds of millions of dollars. A new Niagara ship canal, the enlargement to double of its capacity of the Erie canal, the improvement of all sorts of harbors, the canaling of the Fox and Wisconsin rivers, the overhauling of the Mississippi and Missouri from their source to their mouth, the construction of the Kanawha canal, though its summit level is nearly two thousand feet above tidewater, a canal through the State of Georgia, taking advantage of a series of rivers with unpronounceable names, the artificial flooding of the Ohio river, and the enlargement of the Portland canal near Louisville, as well as the construction of a double or quadruple railway track from New York to the far West, are only a few of the schemes that have been earnestly recommended, each as the panacea to induce cheap transportation. Cool-headed statesmen and tax-payers, however, may think that the expenditure of five hundred millions of dollars, involving as it does an interest charge of

thirty millions of dollars a year to be added to the taxation of the people, would be dear transportation indeed. Nor could this system of internal improvements, as past experience has shown, be stopped here, for the hordes of contractors and speculators, with other powerful local influences, would push the nation onward in that direction until either exhaustion or bankruptcy had taken place. It is not safe nor wise for one generation to anticipate the work of another. The construction of railways, for instance, ahead of the wants of civilization, penetrating vast wildernesses, is undoubtedly one of those misapplications of industry and capital which has brought about the present crisis.

In these circumstances it is safe to lay down certain principles of conduct. Public sentiment, with good reason, demands that all subsidies to private corporations must be forever abandoned.

THE GOVERNMENT MUST OWN WHAT IT BUILDS.

The \$64,000,000 given to the Pacific railway companies would have constructed that road, and the Government would have become the sole owner, for the benefit of all the people.

In addition to that, the enormous land subsidies—larger in extent than the Empire of France—would have been saved as an invaluable inheritance to the present and the coming generation. Whatever enterprise the Government may engage in it must do alone; for there is no instance where the national or a State government has gone into copartnership with private individuals where they have not sunk the capital invested, while the very object of breaking down monopolies was defeated and greater monopolies built up with the public money.

For many years a large portion of the public press has been industriously engaged in preaching the doctrine that the State and National Governments are too dishonest and incompetent to construct canals, railways, telegraphs, or public buildings. Until the last ten years, with the exception of the Capitol, nearly all our public edifices were constructed under

a commission by private parties, and the system resulted in architectural abortions, as hideous as they were expensive, whose only merit is that the flimsiness of their construction either has caused or will soon cause their annihilation. It is only within the last ten years that the Government has constructed monumental buildings in New York, Boston, and other cities so indestructible in their character and so grand in their magnificence and beauty that they will tell other centuries what manner of men we were, and for whose testimony we need not blush.

And yet the Government can do, and must do, something toward securing cheap transportation for the products of the farmer. The improvement of the Fox and Wisconsin rivers, for instance, which involves but a small expenditure, and the construction of the Niagara ship canal, which also can be accomplished at a moderate outlay, are two schemes which should be favorably considered. Before any other scheme is entered upon, careful and thorough engineering surveys should be had, so that the nation may know precisely the expenditures to be incurred, and the probable benefits that may arise.

A GENERAL RAILWAY CHARTER.

With a view of inducing foreign capital to aid in the construction of one or more trunk railways Congress ought to pass a general incorporation law, so that the parties that choose to engage in these enterprises may be untrammelled by local obstructions and have equal rights in all the States. A well-guarded law securing the stockholders against fraudulent emission of stock would cause hereafter all railways to become nationalized. Congress in this charter should explicitly reserve to itself the right, which, however, it would have in any event, of regulating the charges for freight and passengers.

A RAILWAY COMMISSION OF INQUIRY.

We stated in the beginning of this controversy that the question of securing the regulation of railway charges was one of the greatest intricacy and delicacy, and that those persons who were so ready in offering specific legislation had not

thought sufficiently upon the subject to see its great difficulties. As the discussion has progressed this has become more and more manifest, and, therefore, either a railway inquiry commission, or a railway bureau, charged also with securing better protection for life and limb upon railroads, may be established to advantage. The question has also been mooted, and is deserving of consideration, whether the Government should not construct a double-track railway, owning merely the road-bed, and charging tolls thereon, as on a canal, leaving to private parties, under certain regulations, to run freight-trains at their option. In fact, it will be found, after many attempts at legislation, that active competition, by the improvement of water lines, and by the construction of one or more railway beds, like a great highway, open to all parties, will be the most efficient if not the only effectual means toward regulating the tariff of freights.

PROTECTION TO EMIGRANTS.

The flow of emigration will undoubtedly be checked by the present financial crisis, for in these times of daily intercommunication private letters and the public press will bring the knowledge to the masses of Europe that for the time being there is much unemployed labor in our cities; and yet no one cause will contribute more toward the restoration of confidence and general industry than the continuance of the influx of the large number of farmers and mechanics that have hitherto come from European countries.

Since Canada is offering bounties of from five to ten dollars, by way of reduction of transportation, it becomes absolutely necessary for our Government to aid the emigrant and to pilot him across our vast continent to his future home. Leaving the question of transportation on shipboard entirely out, there is much room for legislation to secure cheap and expeditious internal transportation, and we hope that Congress will not neglect to take this subject into consideration.

ENCOURAGEMENT OF OCEAN COMMERCE.

The fact that all the European steamers are sailing under foreign flags causes us

not merely to lose the entire profits of the carrying trade, but impairs our national prestige. It is indeed humiliating for an American to be compelled when visiting Europe to sail to and from his native land, of such magnificence in proportion and possessing all the facilities for ship-building, in a foreign ship. We have already laid down the principle that we are unalterably opposed to subsidies to particular parties, but we look with decided favor upon a system of bounties of which all persons alike can avail themselves if they comply with the conditions.

The travel in the steerage from the United States to Europe is ever increasing, and amounts already to a very considerable item of income to steamers. From between fifty to one hundred thousand emigrants are brought to the United States by the passage money sent from here or upon tickets procured in the United States. If, in view of these facts, the Government were to pay a bounty of five dollars to every man who would purchase a passage ticket from Europe of its agents, the Government could control a great proportion of the transatlantic emigration traffic, and hand this over to any American line or lines that may be established. Thus, with but a slight expenditure on the part of the United States, amounting to less than one million of dollars annually, it could control one hundred thousand emigrant passage tickets, which would build up two or more American steamship lines. If anything is to be done in aid of American steamship companies this plan is by far the most unobjectionable, and the one likely to carry with it the greatest amount of benefit with the least expenditure of national funds. The establishment of an emigrant bureau, with its agents at various points, and a commissioner thoroughly alive to this subject, could control almost the entire emigration travel in behalf of American lines, provided they would look to the comfort and good treatment of the emigrant.

POSTAL TELEGRAPH.

Among the miscellaneous measures of merit that will engage the attention of

Congress is the postal telegraph system recommended by the Postmaster General. We are fully convinced that the toll on messages of twenty words, at a uniform rate of twenty-five cents, and one cent a word additional, would not merely be sufficient to pay expenses, but leave a considerable profit to the Government. We do not see the necessity of purchasing the present telegraph lines. The Government can construct lines of its own, leaving these lines on the hands of their owners, unless they choose to sell them at what they are worth, and not at what their inflated stock represents.

It is estimated that \$12,000,000 in cash will replace the present lines, except the buildings, and these are not generally needed, because there will be room at the post offices. This system would save money to all classes of people, and make the telegraph, by means of stamped telegraph cards, which every man can carry in his pocket, like the postal cards, the usual means of intercommunication, and break down at least one grasping and powerful monopoly. This scheme can not fail of receiving favorable consideration.

FREE EXCHANGES FOR THE PRESS.

Among the grave errors of the late Congress was the repeal of the free carriage of newspapers to regular subscribers within the boundaries of the county, and the repeal of the free delivery of exchange papers. The local press is the bulwark of republican institutions, and especially the champion of the Republican party. If any interest in our entire land is deserving of especial protection it is this. The late enactment was a bounty for the city press, and in the interest of gigantic publishing monopolies. The carriage of a journal like the *Independent* from New York to San Francisco thirteen times for five cents is a large bounty to that journal. The local press having very little general circulation, it can reap only to a limited extent the advantages of this cheap transportation to long distances. Therefore it should not be taxed the same rate for the service of carrying it inside of an average of twenty miles. No additional

expense for carriage has ever been caused, and we hope that at an early day this relief will be given.

ECONOMY AND REFORM.

In times like these economy and reform should not be empty words. Congress can not be too emphatically cautioned to set its face against all schemes, under whatsoever name or pretext, for depleting the Treasury of the United States. The shrinkage in the revenue is such that, even with economy, the Government will run behind from twenty to thirty millions of dollars during the fiscal year. Schemes like the assumption of State debts, refunds of the cotton tax, and the allowance of large private claims, that, with the immortality adherent to such claims, are yet remaining over from war times, should meet with no encouragement. In fact, we have, in view of the many fraudulent claims, urged with so great pertinacity, been frequently inclined to adopt the views of that Southern Senator who voted against the allowance of every private claim, not because there were not some meritorious cases, but because so many were tainted with fraud, had passed into the hands of agents, and were devoid of equity, that in the aggregate he would do infinitely more justice by rejecting them all than by making exceptions.

THE DUTY OF THE LOCAL PRESS.

If ever there was a time when patriotism and self-interest alike required that every citizen should emancipate himself from partisan prejudices and to think for the commonwealth it is the present. As in the field of philanthropy, where men and women, in the spirit of self-sacrifice, rush in to save and console, though death in the form of yellow fever and cholera is imminent, they meet with no competition nor jostling there; so, in the field of statesmanship, based upon scientific principles, pursued for their own sake, there is always room "higher up." Members of Congress look with solicitude to the voice of their home paper. If they realize that they receive due recognition at home for all correct votes, and censure for all those of a doubtful

character, they will be toned up to resist the insidious lobby influences, which are growing stronger from year to year.

Not merely money and the pleasures of the table are used to debase their character, but very frequently the higher allurements of society—music and art—are brought into requisition to obscure their moral sensibilities and to lead them insensibly astray.

Believing that the great majority of the next Congress is composed of men of integrity, we have high hopes that, with the aid of the press and an intelligent public sentiment, the coming session will inaugurate measures of great public advantage.

THE YELLOWSTONE NATIONAL PARK.—Information has just reached this city that during the past summer visitors to the great geyser region of the Yellowstone National Park have injured many of the most beautiful springs beyond repair, and taken away specimens in great quantities. This is in direct violation of the law as passed by Congress more than a year ago. The Secretary of the Interior, who feels the deepest interest in preserving intact these wonderful curiosities, is perfectly powerless to protect them unless Congress makes the proper appropriations for that purpose. The citizens of Virginia City, Montana, weary of waiting for Congress to act in this matter, have raised sufficient by subscription to commence the building of a road to the park by way of Henry's Lake, and twenty-five men are at work at the present time. In the spring a good wagon-road will be completed to the upper geyser, so that people may visit these marvelous places with comparative ease.

About three hundred people, from various parts of the world, have visited the park during the past season, among them several English noblemen. One young English lord says that he will return to this country in the spring with a company of twenty or thirty. It will be seen that the tide of travel may be easily reversed, the Americans remaining in their country and Europeans visiting our more remarkable scenery in the West.

THE COST OF LIFE INSURANCE.

There has been more attention given to the subject of life insurance by the American people during the last year than ever before, and public opinion is just beginning to appreciate the vastness of this interest. But there are still multitudes who will be astonished to hear that the amount at risk upon life policies in this country is much larger than the national debt, and that the income of the life companies is almost as great as the entire sum obtained by the Government from internal revenue taxation.

A certain class of writers for the press have bitterly attacked life insurance of late years, on the ground that the cost of the protection given by it is too great. A parade has been made of the expenses of managing the companies, and policyholders have been assured that all this money is needlessly taken out of their pockets and obtains them no benefit. There is no excuse for such attacks, except the ignorance of the writers. But to set the question at rest entirely, it is only necessary to compare the cost of life insurance with that of fire insurance—a mode of protection which no business man ever regards as a waste of money.

The total expenses of all the life insurance companies in the United States for 1872, including all the profits of stockholders, were 15½ per cent. of their income, while all the remaining 84½ per cent. were either paid back to policyholders in claims, dividends, &c., or were held in trust for the payment of future claims. But these expenses include those of attempting to establish a number of new companies and to prop up a few weak ones, so that they do not fairly represent the cost of the business of insuring lives. In fact, this cost in old, large, and well-managed companies, ought not to exceed ten per cent., and in several instances it actually fell last year below this figure. In other words, in the largest and best American companies every family may have dealt out to it at retail this admirable protection against the loss by death of its bread-winner, at a cost of less than

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10 per cent. advance of the net cost of the production of the article in its ultimate scientific form. There is not an article of food, clothing, or luxury that can be brought to them so cheaply as this.

The compact of indemnity against the accident of death resembles, more closely than any other, the contract of indemnity against the accident of fire. Which is the cheapest article to buy? A recent official report of the State of New York gives the result of the experience of American fire insurance companies for an aggregate duration of twenty-five years, and shows that out of \$348,000,000 of premiums paid for fire insurance, only \$207,500,000 of claims were returned for losses. That is, the community deposited more than \$5 with these companies for every \$3 ultimately received back from them. The other \$2 of every \$5, or 40 per cent. of the whole, besides interest, went for the expenses of management and the profits of stockholders. Even this comparison is not fair to the life companies, because, in their income account we have charged them with all the interest received on their accumulations, while the fire companies are charged with nothing but their net premium receipts. But without attempting to rectify this error, it is enough that life insurance is seen, on the whole, to be much less than half as costly as fire insurance. That is, the aggregate of all the men who insure their lives receive back all they pay with interest, deducting less than half as much for expenses as those who insure against fire.

This objection being completely disposed of by the facts, all the common arguments in favor of life insurance remain in full force; and as every intelligent business man is well convinced of his duty in this respect, it is not necessary to repeat such arguments here. But it remains true that there is a choice among companies, and that few men have sufficient knowledge of the business and of the experience of the different companies to choose with certainty the best

among them. It would be invidious in us to discuss, in this place, the relative merits of particular associations; and, indeed, it is a subject which might well lead to endless controversy, if taken up in detail, since every company has some features in which it claims, and often justly, a peculiar excellence. We simply propose to point out, in simple language, intelligible to all, how a man of common sense may satisfy himself of the solvency, soundness, and general merits of any company which proposes to insure his life.

The American life companies, regarded as corporations, fall into two great classes—those which are governed by their policy-holders themselves in a mutual association, controlling its management and dividing all its profits among themselves, and those which are governed mainly or wholly by stockholders, who choose the officers and take a share, commonly a small one, of the profits. The latter class of companies have come into existence in consequence of State laws requiring a capital before business is begun. When this capital is advanced the subscribers justly claim some remuneration, but the advance of so small a sum as one or two hundred thousand dollars at legal interest is a little price to pay for the permanent control and management of perhaps many millions of dollars. Perhaps the wisest plan in forming a new company now is to advance the capital until the success of the business is assured, and then to withdraw it with a reasonable bonus, leaving the policy-holders to govern their own trust. Doubtless several companies of both kinds are well managed and safe, but the insurer ought to consider, in making a contract which may run for many years whether there is any risk of the control of the corporation being bought for money by unworthy men who might abuse it. This is possible wherever the management is governed by the stock. The experience of the American companies, as shown by the successive official reports of the several States, proves that on the general average the purely mutual

principle has been by far cheaper and more profitable for the insured than any other. In the aggregate the per centage saved for them out of their premiums and returned as so-called "dividends" has been twice as great as in the "mixed" or partly "stock" companies. This is, however, in some measure the result of the fact that the purely mutual companies are in general larger than the others. The superior safety and economy of insuring in a large company are obvious to all who consider the matter.

Having made sure that the constitution of a company is favorable to its permanent safety and good conduct, the next question is that of its principles of management. The laws of the States in which all the principal American companies are chartered secure to them a certain supervision, which compels them to respect the scientific basis of the business. It is only by the grossest unfaithfulness, with the crime of multiplied perjury added, that any life company, once well established, can fail to meet its obligations. Of this there is hardly any danger to be apprehended; certainly none among the many great institutions of this class whose agencies cover the whole country. The practical question is, what company furnishes the cheapest insurance, or gives the policy-holder the most for his money? The answer is obvious: it is the company which selects the most healthy lives to insure, which spends the least per centage of its income in managing its business, and which accumulates the rest most wisely and rapidly. The companies charge, for extra safety, higher premiums than are necessary, and then return whatever excess there proves to be in their hands. This return of surplus is commonly called "dividends," though it has little in common with the profits of an ordinary investment. The amount so returned, however, if it is reasonably uniform from year to year, and is paid without impairing the reserve, is the final test of the company's success, embracing, as it does, the results of the management in all its branches.

To understand exactly the practical

merits of a given company, therefore, examine, first, its mortality experience, the best general test of which is the per centage of the losses paid to the reserve fund; second, its investments and accumulations, and, in particular, the rate of interest it has secured upon its entire assets; third, the per centage of its income expended upon the management of its business; and, finally, to sum up all these particulars and check them, the per centage of its premiums which has been returned in "dividends."

The per centage of losses to reserve (Massachusetts standard) was, in all the American companies together, 11.28 for the last ten years, and 11.02 in 1872 alone. It may, therefore, be fairly said that a company which loses annually by death less than ten per cent. of its reserve is a superior company in its selection of lives; while one which loses very much more than this is likely to be careless, and to admit men of somewhat impaired health to its membership. This rule, however, can not justly be applied to companies too small to make a fair average, or to those just beginning business, or to those winding up. It is applicable to all standard companies doing a reasonable proportion of new business.

Most of the companies have their assets securely invested, but so variously that the management of each can only be understood by studying the official reports of the State Commissioners. Of course it is safest to insure, other things being equal, in a company where money is actually in hand, and not loaned out to agents and policy holders; that is, in reality, never yet collected. It is also safest to insure in one which has its money secured in bonds and mortgages or in the Government debt than in one whose cash is lent on personal security or on collaterals in a speculative market. The average rate of interest on investments received by all the companies in 1872 was 5.86 per cent., and it has been nearly the same for many years. If a company falls very far below this rate it indicates that its investments have been loosely managed.

The average rate of expenses to income has already been spoken of. It varies so widely, even among prominent companies, that it is difficult to speak of it without seeming to reflect on some of them. Yet it is certainly of the utmost importance that the policy-holders understand, in such cases, how much of their money goes for mere management, and how much might be saved for them if a more rigid economy were practiced. It is certainly fair to insist that any company which expends more than the general average of fifteen per cent. in this way must either be a new company, striving eagerly for business among stronger competitors, or must be in some way less economical than its policy-holders have a right to demand. The tendency of the times is to economy in this business, and we warn the companies which are not practicing it rigidly that the time has come when public opinion begins, more and more intelligently, to hold them strictly accountable for their expenditures. We hope that before many years all the important and successful companies will have reduced their cost of management to the surprisingly low figure already attained by a few of the oldest and largest of the great mutual societies.

In conclusion, the sum total of the savings effected by efficiency and economy in all these respects is shown by the "dividends" or "return premiums" paid back to the policy-holders. The average rate of dividends in all the American companies for 1872 was 15.12 per cent. of the premiums; for the ten years ending in 1872 it was 14.34 per cent. But this was the average of many wide fluctuations, the highest rate paid in 1872 being more than three hundred times the lowest; and in fact much more than half of the entire dividends for the year were paid by four companies, as were, indeed, much more than half of the dividends for the ten years ending with 1872. It will also be found, on examination, that the very companies which have paid large dividends upon their premiums have been the ones which have

been peculiarly careful of their reserves, and which stand unquestioned in their strength after the payments are made.

By observing the principles we have here laid down the members of life companies and persons inclined to become members will be able to criticise the

standing of the different institutions of this class, and to judge of the trustworthiness of each of them, almost as well as actuaries themselves, and will thus be wholly independent of the representations of agents concerning the companies for which they act.

CHANGE OF MINISTRY IN CANADA.

In the October number of *THE REPUBLIC*, under the head of "Serious Charges Against the Canadian Ministry," it was stated that "Sir John A. Macdonald, the Premier of the New Dominion, and other members of the Ministry, have become involved in serious charges of bribery and corruption, which, if sustained, can not fail to result in their removal in disgrace from the high positions which they now occupy." The specifications were stated to be: 1. The grant of a charter to Sir Hugh Allen to build the Canadian Pacific railway, in consideration of large donations of money to the Ministry for themselves and for electioneering purposes. 2. That the funds promised had been paid over to the amount of \$250,000 or more; and, 3. That a considerable portion of the same had actually been used in the last general election in securing the return of members to the Canadian Parliament who would support the Ministry against the growing opposition to a government already charged with corruption and daily growing more unpopular with the people.

The charge and specifications were made in open Parliament, by Mr. Huntington, one of its members from the Province of Quebec. A committee of investigation was appointed, and the Parliament was adjourned to meet on the 13th day of August last to receive and consider the report of the committee. Before the adjournment took place, however, an oaths bill was passed, to enable the members of the committee to receive testimony under oath. The bill required the signature of the Queen of England, but by the decision of her Majesty's legal advisers it was pronounced unconstitutional, and was vetoed. This decision, it is charged, was

obtained through instructions from the Canadian Ministry. Be that as it may, the committee was defeated, and could do nothing.

The Parliament assembled, according to adjournment, on the appointed day, and the Ministry, acting upon the supposition that the committee had no report to make, instructed the Governor General to prorogue the Parliament and appoint a Royal Commission of three judges, whom they should name, to investigate the charges. The Opposition in Parliament protested, and insisted that as the charges had been made in the House, and were against members of the House, it was the prerogative of Parliament, and not of the Governor and his advisers, to make the investigation. The Governor refused, however, to be swerved from the advice of his Ministers, who were the parties against whom the charges were made, and sent the members of the House home without allowing any action by them in the premises.

The Royal Commission was promptly appointed and instructed. They held a preliminary meeting on the 18th of August, and commenced their regular sessions on the 4th of September. Some thirty witnesses were examined. Mr. Huntington, though notified, declined to appear as a witness, and gave his reasons, preferring to await the action of Parliament and give his testimony before that body if required. McMullin, who, through the public press in Canada, supplemented Mr. Huntington's charges, also declined to give his testimony before the Commission, but pledged himself to do so before the House when called upon by that body. Several others who were notified to appear as witnesses failed to do so.

Sir Hugh Allen and Sir John A. Macdonald gave their testimony, and the latter was allowed to cross-examine the witnesses. The sessions of the commissioners were open and reporters and the public were present at the proceedings, which were finally closed on the 1st day of October.

In their report the commissioners express no opinion on the merits of the case. The report merely recites their action, and closes with the following sentences:

"25. With respect to that portion of the Commission which leaves to the discretion of the commissioners the expression of their opinions upon the evidence, they are determined not to avail themselves of the liberty so given.

"26. They had arrived at that conclusion before they were informed of your Excellency's views on the subject, and they feel confirmed and justified in it by a communication received before their labors commenced, to which your Excellency kindly permits them to allude, relating to one or two points on which they thought it their duty to consult your Excellency before entering upon the execution of their duty.

"27. In that communication your Excellency was pleased to express the opinion that the functions of the commissioners were rather inquisitorial than judicial, and that the execution of them should not be such as in any way to prejudice whatever proceedings Parliament might desire to take when it reassembled in October.

"28. The commissioners coinciding with your Excellency in the view that the terms of the Commission do not require them to pronounce judicially on the evidence, consider that their duty will have been fully discharged when they shall have forwarded to the Secretary of State the accompanying depositions and documents with this report, in triplicate, as required by their instructions—unless a report of their opinion on the result of the evidence should be specially required.

"All of which is respectfully submitted.

"CHARLES DEWEY DAY, Chairman.

"A. POLETTE, Commissioner.

"JAMES ROBERT GOWAN, Commis'er.

"Royal Commission Rooms, Ottawa, October 17, 1873."

While the investigation was proceeding the Governor General was careful, as it was his duty, to apprise the Colonial Secretary of the British Government

with full particulars of this unfortunate affair, to which Earl Kimberly made the following reply:

"DOWNING STREET, 9th October.

"MY LORD: I have received and laid before the Queen your lordship's dispatches No. 197, of the 16th of August, and No. 198, of the 18th of August, giving an account of the circumstances connected with the recent prorogation of the Dominion Parliament and the issue of a Commission to inquire into the charges brought forward by Mr. Huntington. Her Majesty's Government have read these clear and able statements with much interest. It is not their duty to express any opinion upon the particular measures adopted on the advice of your responsible minister, but they fully approve of your having acted in these matters according to constitutional usage.

"KIMBERLY."

When the report of the Royal Commission was completed and placed in the hands of the Governor he immediately convened the Parliament and laid it, together with all the evidence and his own correspondence with the Home Secretary, before the House and Senate. The report and evidence were immediately taken up in the House, and a resolution of want of confidence in the Ministry was moved. The debate was protracted for weeks, the daily sessions continuing frequently up to 2 o'clock in the morning. Sir John A. Macdonald and Sir Francis Hincks labored hard, by all the arts of oratory and logic, to secure for the Ministry a majority on the final vote. But they had daily-increasing evidence that they would be left in the minority, and finally, to avoid the vote, when the House of Commons met at 3 o'clock p. m., November 5, Sir John rose in his seat and said, in substance, that the Government, in consequence of not having a working majority in the House, had resigned. His Excellency the Governor General had accepted their resignations, and had sent for Mr. McKenzie, who had attended in response to the summons. He concluded by moving that the House adjourn until to-morrow at 3 o'clock. The report states that "the House rose immediately, and a scene of the most indescribable confusion ensued. An instant exchange of seats com-

menced. The galleries, let loose, cheered, and men rushed wildly about in all directions." The following day had already been appointed by the Governor the annual Thanksgiving, and the coincidence afforded unlimited scope for general rejoicing, and not a few practical jokes at the expense of the fallen Ministry.

On the 7th the new Cabinet were sworn in, and the Speaker of the House announced that Parliament would be prorogued at 4 o'clock until 17th December. It will then probably be further prorogued to a later date, then "to meet for the dispatch of business."

Mr. Holton, in the absence of Mr. McKenzie, intrusted with the formation of a government, submitted the names of the new Administration, as follows:

Premier and Minister of Public Works, Mr. McKenzie.

Minister of Finance, Mr. Cartwright.

Minister of Justice, Mr. Dorion.

Minister of Customs, Mr. Burpee.

Minister of Interior, Mr. Laird.

Minister of Inland Revenue, Mr. Fournier.

Minister of Marine and Fisheries, Mr. Smith.

Minister of Agriculture, Senator Letellier de St. Just.

Secretary of State, Mr. Christie.

Premier General, Mr. Coffin.

Postmaster General, Mr. D. A. Macdonald.

President of the Council, vacant.

Without a portfolio, Mr. E. Blake.

Without a portfolio, Mr. R. W. Scott.

Messrs. Blake and Scott serve without office or emolument—the former, and probably both, at their own request. The following is given as the last act and substance of the parting speech of the fallen Premier:

Sir John A. Macdonald objected to any Minister serving without office or emolument. He did not think any Government could exist without an Irish Catholic representative, which he thought R. W. Scott was not. He went on to abuse the means by which the Opposition had succeeded in upsetting the Government.

Mr. Holton rose to a point of order.

Mr. D. A. Smith protested against Sir John's assertion that a conspiracy had been formed to oust the Government, as he had not entered into any such.

Mr. Cauchon followed in a speech on the point of order that greatly amused the House.

Mr. Huntington then made a brilliant speech on the point of order.

The Black Rod appeared, and the members attended in the Senate, when his Excellency prorogued the House till the 17th of December.

THE NEW GOVERNMENT OF THE DOMINION.

It is pretty generally conceded by both parties, and claimed without discount by the Reformers, that the new Administration is an exceedingly strong one. One thing is evident, that for ability and practical experience in statesmanship, and in important trusts similar to those in detail to which they have been assigned, better men could scarcely be found on the continent, while the numerous tests of integrity and faithfulness through which they have already gone in the discharge of various official and public functions are a good guarantee of fidelity in the future. A brief notice of each member may not be out of place in this connection.

Hon. Alexander McKenzie, Premier, takes the place of Sir John A. Macdonald, with the office of Minister of Public Works. He has been prominently in public life for some years as Treasurer of Ontario, in the local House of that province, and as a member of the House of Commons of the Dominion. His political character is without a stain. He has the fullest confidence of the people, with whom he is decidedly popular.

Hon. R. J. Cartwright, Minister of Finance, represents Lennox, Ontario, in the Commons. He is 38 years of age, and has been in the local or general Parliament for ten years. He was formerly a supporter of Sir John A. Macdonald's government, or rather of Sir A. T. Galt when that gentleman held office under Sir John, but has for some time past acted in unison with the Reformers, not only in the Pacific railway scandal, but also in their general policy. He is a gentleman of high personal character and influence, and in the House of Commons has been regarded as an authority in financial and commercial matters.

Hon. A. A. Dorion, Minister of Justice,

is a Quebec lawyer of decided ability, and has been nearly twenty years in the local and Dominion Parliaments. No public man in the Dominion has a higher reputation for integrity and consistency than Mr. Dorion. For many years he has sat in opposition, when, had he been disposed to swerve from the strict path of duty he had marked for himself, he might have held the highest offices in the Government.

Hon. Isaac Burpee, Minister of Customs, is a member of the Dominion Commons from St. John. He is a successful merchant of that city, and a gentleman of very high standing. He brings to his new position eminent business ability and sterling principles of integrity. He was elected to the Commons by an overwhelming majority.

Hon. David Laird, Minister of the Interior, is a member of the Dominion Commons from Prince Edward Island, elected since that province was received into the Dominion in July last. Mr. Laird is a prominent journalist of decided ability, and has been in public life for some time as member of the local parliament and in other important positions. He is a gentleman of great energy, and enjoys in the highest degree the confidence of the entire population of Prince Edward Island. Mr. Laird is editor and proprietor of the *Patriot*, published at Charlottetown, the seat of government, a journal of decided ability and a faithful advocate of the people's political and material interests. In future the management of the *Patriot* will devolve largely upon his efficient partner, J. W. Mitchell, Esq.

Hon. Mr. Fournier, Minister of Inland Revenue, shares with Mr. Dorion the representation of the French reformers, and has won a high reputation as a lawyer and a journalist. Although a comparatively new man in Parliament, Mr. Fournier has been a long while before the public, and bears an excellent reputation as a conscientious representative of the people.

Hon. Mr. Smith, Minister of Marine and Fisheries, of Westmoreland, New Brunswick, is a member of the Dominion

Commons, one of the ablest and most upright public men in that Province. His new position will place him in close relations with our fishermen, and in him they will find a gentleman against whom there will be no occasion for complaint in the administration of his office.

Senator Letellier de St. Just, Minister of Agriculture, has had a large Parliamentary experience before the confederation, and has faithfully served his constituents and the general interests of the Province of Quebec.

Senator David Christie, Secretary of State, is a man of fine abilities, has had a large Parliamentary experience, and is an extensive farmer. He is well fitted for the office he has taken. In the Senate he has been regarded as the leader of the Ontario Reformers in that branch of Parliament.

Hon. Mr. Coffin, of Shelburne, Nova Scotia, a member of the Dominion Commons, is assigned the position of Receiver General, and, according to the press of his own province, is eminently qualified for the position.

Hon. D. A. Macdonald, member of the Dominion Commons for Glengarry, Ontario, is Postmaster General. Mr. Macdonald has been in public life in Canada for nearly twenty years, and has during that time always been a faithful member of the Reform party. His sturdy independence of character has won for him the respect and confidence of his friends and his opponents alike. He has had a large experience in the construction and management of railways and other public works, and is a director of the Ontario Bank. He is a younger brother of the late Hon. John Sandfield Macdonald.

Hon. Edward Blake, member of the Dominion Commons, is one of the most popular men in Ontario. Mr. Blake's failing health, and the heavy demands made on his time by his extensive law practice, rendered him unwilling to enter the Cabinet. Happily, however, he was induced to yield to the petition of a large number of Reform members, who justly regard him as the ablest man in Canada, and he becomes a member of the Govern-

ment, but declines to take any departmental office or salary.

Hon. R. W. Scott, of Victoria, Cape Breton, is a member of the Dominion Commons—a gentleman of sterling integrity, but as yet not generally known in public life outside of Nova Scotia.

Manitoba and British Columbia are without representation in the Administration. The population of either of these remote provinces does not exceed twelve or fifteen thousand white inhabitants. Prince Edward's Island has one representative in the Cabinet, Nova Scotia and New Brunswick each two, Quebec three, and Ontario five. The office of presidency of Council is yet to be filled.

Each member of the Cabinet, under the rule of *responsible government*, is now required to go back to his constituency for indorsement by re-election, even although it may not have been a month since he received his election to the Commons at

the hands of the people. If now he should be defeated and fail of re-election he will lose not only his place in the Administration but also his seat in the Commons.

The Dominion, under its new Reform Administration, is as nearly similar in its objects and purposes to the present Republican Administration of the United States as it is possible to make it; and with this change, together with the advantages conferred upon our international trade by the treaty of Washington, it is reasonable to believe that in the future the intercourse will be more extensive, the social ties stronger, and the commerce larger and more important between these two sections of the continent than ever before, resulting ultimately in a union of the new Dominion and the American Republic under one government, and one system of absolutely free continental commerce.

THE ABUSES OF CONGRESSIONAL INVESTIGATIONS.

The coming Congress has in its keeping both the safety of the Republican party and the destiny of the Republic for many years to come. In both Houses the Republican party has large majorities, and will, therefore, be held responsible for all acts of omission and commission. Should Congress prove itself to be able to grapple successfully with the financial and inter-State transportation questions, their indorsement by the people at the polls next fall will be certain; but should they fritter away the session in sterile and useless discussion, or waste their precious time in negative criticism, they will be overwhelmingly defeated.

Neither the memories of past achievements nor party discipline can save them if they have failed in the solution of the live problems of the day. The question which every legislator will have to meet, will be, not what have you said? but what have you done? Thus the results of the late elections can be utilized by accepting and considering the warnings they proclaim and the lessons which they teach.

Among the gravest abuses which of late have obtained are Congressional investigations of personal character, based upon general and vague charges. For the purpose of securing the withdrawal of confidence by the people in the integrity of the leading men of the Republican party its political opponents, unmindful that their unprincipled course also destroys confidence in and obedience to Government itself, have caused to be published in some reckless newspapers violent attacks upon some public officer, and these articles, skillfully concocted to cover all imaginable accusations, are gravely presented to Congress with a demand for investigation. These scandalous proceedings have never resulted in any good, but only in large expenditures to the Government; for the committees have always reported in accordance with their political predilections, and the respective parties have made these reports texts for stump speeches to the neglect of the consideration of questions of vital importance to the country. Vague charges of corruption or of malfeasance in office

were made, witnesses were examined at the expense of the Government from every portion of our land, and discharged and disappointed agents and servants were induced to commit perjury, for the purpose of assailing the character of some prominent Government officer. We had for instance the Robeson investigation, costing the nation a number of thousands of dollars, and though it led to the full vindication of Secretary Robeson no acknowledgement was ever made by the Opposition of the great wrong inflicted upon him.

The same may be said of the Creswell, and the French sales of arms, as well as of the New York Custom-house investigations. No cause of removal of any officer was found, nor any alteration in the administration, nor any additional legislation has been the consequence of all these fruitless expenditures, which were incurred for the gratification of scandal-mongers.

There is growing up within the United States a powerful element of negation, which greatly resembles modern French Republicanism—ever dissatisfied with existing governments and institutions, but without the ability to create anything better in their place. Should these elements of anarchy get control of our Government we would witness the same excitements, violence, and corruption that we have witnessed in that unhappy country, and a virtual despotism under a "Boss" Tweed would be the result. New York city, though it contains newspapers which pretend to prescribe laws both to the Federal and to our State governments, is a fair specimen of the kind of government we would have at Washington and in all the States if this element were to prevail. And it is for the purpose of recruiting this element that no means are left untried to lower the confidence of the people in the Administration, and to befoul the character of each and every officer connected therewith. There is not an officer connected with our Government to-day, no matter what may be the purity of his private and official life, but is liable to be

freely denounced as a thief and scoundrel by the Opposition press; and Congress is invoked to furnish the evidence for these base charges at the public expense. And should the evidence not be forthcoming the blame is laid at the door of the investigating committee, which is denounced for making a whitewashing report.

There are but two causes upon which Congressional investigations should be ordered. One is, some great political disturbance, like the Kuklux movement, which needs investigation for correct and adequate legislation; and the other is, when articles of impeachment are presented. If any member of the House of Representatives knows of any malfeasance in office it is his duty to prepare articles of impeachment; making explicit charges and annexing specifications, for the purpose of securing proper investigation. Whenever such charges are made in legal form—definite and precise—it becomes the duty of the House to order an investigation, and, at the same time, to invite the member to introduce evidence limited to the charges and specifications before the committee, under the common law rules of evidence. He should not be permitted to travel outside of these rules to scrape together loose and general accusations, which tend merely to the discredit of the officer in public esteem without establishing criminality in office. And if these articles of impeachment be unsupported, and if the evidence so thoroughly fails as to induce the belief that the member who preferred the articles acted maliciously a resolution of censure, if not of expulsion, should be promptly reported. Thus alone can justice be done and the Government saved from disorganization. If, on the other hand, a Senator or Member does not choose to prefer articles of impeachment, his other remedy is, in the case of a subordinate officer, to file his charges with the President or the head of the Department with which the offender may be connected, or to lay the evidence before the grand jury, with the view of procuring an indictment for malfeasance in office.

Should any additional legislation be needed to give the courts of the District of Columbia general jurisdiction, or to guide the grand jury in the premises, we are both willing and anxious that such laws should be passed. It is not in the interest of the Republican party, nor of the Government, that incapable and dishonest men be retained in office. They are always a source of weakness and of unpopularity. But the marshaling of every perjured wretch within the United States for the purpose of blackening the character of men in the Government service, under the pretext of virtue and purity, is so thin a disguise of the enemy's tactics, that it ought to be, to use a common but expressive phrase, "played out."

We hope both Houses of Congress will place themselves upon the unassailable principles herein laid down, and utterly disregard the cant about stifled investigation that will be raised, because the past has proved that if investigation is had, and the report is made that the charges were unfounded, the vociferation is continued and the accusation repeated that the committee simply made a whitewashing report to save its political friends. The reply to be made to this accusation is simply that articles of impeachment should have been presented and then investigation would have been ordered, and that the courts were open to these men to present their charges with the view of procuring an indictment. The further reply is, that had Congress in this session, as during the preceding ones, ordered all the investigations which the ingenuity of the enemy could suggest, the entire time and attention of Congress would have been frittered away, and the session would have been barren of practical results, and all the vital interests of the country would have been neglected. One or the other had to be abandoned: either general legislation or inquiries of the character stated, which were so evidently the tactics of the political enemy to obstruct legislation and bring the Government and Congress into contempt that it would have been childish weakness to pay any attention to them.

Courage is the first requisite to statesmanship in these times! The incoming Congress will be judged, not by what its enemies say of it, but by its own deeds. Action—moderate and judicious—upon grave questions of public policy is demanded by public opinion; and, therefore, we hope that every statesman, mindful of the grave responsibilities resting upon him, will resist every insidious attempt to lead him into the quagmire of personal detraction and abuse, which seem to be the chief weapons of warfare against the Government.

THE Democracy have captured a few of our outposts because our soldiers were asleep on their posts of duty. We should prefer to have it otherwise, but, after all, the lesson is a good one and ought to make us a trifle more vigilant in the future. We must not expect to win victories by sleeping on our posts. If we expect to hold our own we must exercise as much activity as our opponents. In the recent elections we did not. The Democrats worked hard, and deserve, so far as a reward of effort goes, the victories they won. The numerical strength of a party amounts to nothing unless it is brought out when needed. We have lost a few States this fall, not because the Democrats outnumbered us, but because they got out a larger proportion of their vote than we did of ours. But the Republican army remains intact. It will require a few extra sacrifices to regain what has been lost, but the next battle will find every man to the front to guard against surprise or defeat. A threatened danger unites the party strength. Over-confidence in our own power is apt to beget apathy, and too often leads to defeat. The next time we face Democracy we must show it that half our forces are not asleep. In the meanwhile we shall not begrudge them the little encouragement they have received.

ADDITIONAL mail service has been ordered on the Springfield, Athol, and North Easton road from Springfield to Palmar, Mass.

FICTITIOUS VALUES.

Every one has a sovereign remedy for an epidemic, but, notwithstanding their infallible panaceas, disease still exists. The truth is that it is fruitless to attempt to heal without an intelligent diagnosis. As it is with the physical system, so it is with almost everything that is liable to derangement, and nothing more so than finance and commerce. Without knowing what is the cause of disturbance in finance and commerce, remedies applied frequently not only become useless, but hurtful. It is remarkable that during the recent panic and existing unsettled condition of the moneyed interests of the country, so little inquiry has been made as to the causes of the trouble. It has been found sufficient in some quarters simply to lay everything at the door of the Government, and to abuse the Administration. Right here it might be well to note that no policy on the part of the executive officers of the Government, changeable to meet the ever-shifting exigencies of commerce, can ever bring about permanent relief. It hardly need be said that such a policy, variable according to the opinion of acting treasury officials, would be, to say the least, fallible, and would vary according to the judgment of the officer, who, however honest, would be liable to err. What is wanted is not a *policy*, but a *system*. Among the causes of the present crisis is undoubtedly the fact that there was not, and is not, enough currency in circulation to meet the wants of trade at the present prices of articles interchanged as commercial commodities. No one need be committed to either the doctrine of expansion or contraction of the paper money circulation to assent to this self-evident fact. It was only a sudden demand for currency that sustained the life of the panic after it was born from the womb of a banker's failure. It is no answer to say that the demand was sudden, unexpected, and unnecessary; that it did come can not be denied, that the supply was not equal to the demand is equally patent. But in say-

ing thus much it is in no way to be inferred that a flow of paper from the public treasury would have done anything more than to momentarily stem the current of the sudden storm. It would simply have afforded new means to speculators to buy articles of no intrinsic value with money representing real value. And here one of the primary causes of the present financial distress is reached. It is simply the effort to maintain fictitious articles up to the same standard of those of positive actual worth. It would be just as prudent to value a bauble as a jewel. Tinsel and foil may please the fancy for a while, but they never displace a pure diamond. As an example of the proposition suppose all the fancy stocks, worthless scrip, and what not, that is gambled with, were absolutely burned up, precisely that much money which is used to keep them afloat would at once go from sources where it does not belong into the channels of commerce where it does. An immense amount of valueless stock and paper absorb in speculative operations a large quantity of the circulation of the country, and any attempt to legislate for these unrealities or conditions arising from their manipulations will be worse than a crime, for it will be a blunder. For the real value of the cereals, cotton, tobacco, pork, and other staples money can always be found at home and abroad, but no amount of gold or paper money will ever be found sufficient for the greedy wants of speculators in articles of no real value, whose increase of appetite grows by what they feed upon. It is noteworthy in proof of the proposition presented that there was no natural stringency in the money market in any of the commercial circles; in fact the mercantile community bravely resisted the storm and rescued the banks from the chaos which they almost invited by their league with the owners of fictitious values. Commerce has not, however, been entirely guiltless of the causes of the panic. Merchants have negligently, if not criminally, deposited

their money in banks that they knew lavishly and imprudently loaned to the dealers in fictitious values, and often, too, advanced them vast sums without even requiring these poor securities on deposit as simulated collateral guarantee. The manner in which some of the leading banks, in New York city especially, lend out the money of their stockholders and depositors, would, if known, show a species of recklessness that is almost incredible. Some banks accept overdrafts, and certify the checks of stock brokers every day for more money than the whole of the capital of the institution without having a single dollar to the credit of the drawers of these checks or drafts. It is understood, as a matter of honor, that before the papers pass through the clearance house, or, in other words, are paid by the bank, security will be furnished by the parties to indemnify the bank, which charges usurious interest for the loan of their name or credit. A new fictitious currency is thus created, based solely on the promise to deposit security, so-called, of no settled value. When these overdrafts are not made good the drawer gets expelled from the stock board. Sometimes default is made from design, sometimes accident; it would be a safe precaution if merchants would come to a firm decision not to correspond or deposit with any bank allowing any check to be certified until the cash was to the actual credit of the drawer. It would follow that most of these fictitious values would go out of existence as has been before suggested. What would be the next result? These valueless articles would disappear at once and forever from the avenues of commerce; and here we reach another of the causes of the present financial disturbance. Here articles representing fictitious value have been estimated as part and parcel of the aggregate wealth of the country; if they go out of existence, as a matter of course, a lower estimate must be placed on the wealth of the nation, not that anything real will perish or intrinsically deteriorate, but there will be simply a wiping out from the estimates of an asset that

was always worthless. Say, for instance, that with these false values the aggregate wealth of a community was 150, and to strike them off the inventory the same community becomes worth only 100, does it not become at once apparent that a volume of currency insufficient to the wants of that community with its fictitious inventory may be ample for all movements and operations incident to its real intrinsics? But this is not all. These fictions of value comprise all the capital of certain classes, and with others only a portion, consequently exactly to the extent that these unrealities enter into the estimates of aggregate wealth, exactly to that proportion do the real positive values of the country suffer a false inflation and have an improper assessment as to intrinsic worth, and consequently require to move and manage them in their relations to commerce more currency or money representation than their proper and normal condition would warrant. It is not a shrinkage of values that is wanted, not an expansion or contraction of currency that is required, but an honest estimate that is necessary, and a purging from the over-charged body of commerce of all fictions of value; be they on worthless so-called representative stock, or on over-valuation of intrinsics. It is simply a matter of a merchant having marked up his goods too high. All goods in this country have been marked up too high, and this mistake pervades not only merchandise and shares in railroads and other corporations, but has largely entered into computations of the price set on real estate. The landed estates, both in city and country, are in this situation, creating, as they change into successive owners' hands, the necessity for demanding increased rents, which, in their time, become palpably fictitious, and so on until all the wants and expenditures throughout the country are unnaturally expanded. No amount of accelerating or decreasing the currency can meet these false fictions of value. If the currency is expanded to meet such wants the wants will go on and assert

new fictions continually, until another culminating collapse occurs. It is not so much a question of absolute economy and retrenchment as many suppose; the plain and leading cause must be done away with—a coat must be bought at a price lower than it is now rated at, whether bought by millionaire or mechanic;

rents must be reduced, not alone because of dire necessity of impoverished tenants, but because rents are intrinsically too high. In fine, if all things in the United States were rated intrinsically there would be money enough found, or soon created, for all the natural wants of the people.

AN ELASTIC CURRENCY.

The experience of the past few months proves the necessity of having a more elastic currency than our present rigid system affords. By elasticity we do not mean a larger volume of paper money than we have at present, but a volume that can be increased or contracted as the business wants of the nation may demand. In the fall of the year, and during the winter months, we need the full amount of our currency for the purposes of trade. The movement of grain from the West to the East, and its exportation abroad, purchase of new stock by our merchants, the settlement of balances between commercial centers, and the general industrial activity which usually characterizes the colder months, require the use of the full volume of the paper money. This is the period when the maximum of trade is reached. Its minimum is during the summer months. This is the period of rest among business men. Nature is hard at work producing the means which develop the fall and winter activity. Crops are growing, and business may be said to be in a state of partial suspension, waiting for the productions of nature. With the completion of nature's work man's work begins. The ripened crops on which the world depends for food must be moved. Cotton must be gathered, baled, and worked up by the looms of the world into fabrics which are in demand everywhere. This natural and necessary activity calls for heavy expenditures of money, while the period of rest during the growing months requires comparatively but little. What shall be done with this immense supply of money during the pe-

riod of rest? To keep it idle would be a great loss to the owner; to invest it so as to make it earn something and yet be forthcoming when needed is so strong a temptation that it has become of late years the practice of our business men. But the danger of this practice has recently been illustrated. Country banks have placed their surplus where it could earn something during the summer months, and yet be made available when needed in trade. It was stated during the panic that the New York banks held about \$200,000,000 of this surplus, on which they were paying from three to four per cent. interest. Of course to pay this rate for money they must loan it at still higher rates to others, under like conditions imposed upon them by their customers—that is, subject to their call any time.

The strong temptation to obtain high rates of interest has caused them to take risks which in ordinary times would be fraught with danger, but in time of a panic would be little short of ruin. Hence we find that the banks of New York and other sections hold as security for the millions loaned to individuals and corporations a large share of railroad stocks, which have already depreciated in value from fifteen to twenty-five per cent., and on which but a small proportion of their loans could be realized if they were thrown upon the market on forced sale. Thus it is evident that the money needed in actual trade—needed to carry on the vast operations incidental to the period of greatest activity, is diverted from its legitimate purpose and absolutely locked up in speculation. The banks of the West call upon the banks of the East for the money loaned; they in turn call upon the

brokers and bankers. The latter fail to respond; the securities are insufficient to command money, and the natural result is a partial suspension of business, general financial derangement, and widespread disaster.

Here we have a lesson, costly but valuable. We are taught the necessity of having some better protection for the legitimate trade of the country during the period of rest. How shall we prevent this tendency to speculate with idle funds during the growing months? To lock up the money would be a positive loss to the holder. Aside from this no one can say just what amount may be needed during the active months. It may fall short or exceed the most careful estimate by hundreds of millions. Slight causes, such as the condition of the crops at home or abroad, may upset the best calculation. Therefore the locking up of the surplus would be as unwise as it would be unprofitable. Yet, with our present system, it must be locked up in idleness or be loaned on securities which offer no certainty of prompt conversion when money is needed. There may be some better plan proposed by Congress than the interchangeable bond plan, but this plan appears to afford the elasticity required, and at the same time affords the security needed by the business public. Give authority to the Treasury to issue a bond bearing interest, say at four per cent., convertible at any time into greenbacks. During the active months the Government would hold these bonds, or the largest portion of them; during the idle months they would be in the hands of the people, earning for them something for the money which they can not use for the time being, but must have within easy reach when needed. Had we this bond in existence to-day the movement of the crops would not have stopped an hour. The idle money of the country could have been supplied by the Government on call, and the troubles of Wall street would have been confined to the limits of that center of speculation. This convertible bond will meet with opposition

on the part of those who grow fat through speculation and robbery, but we believe the sound judgment of the country will demand its issue. It seems practicable in every feature; its simplicity and security commend it to all reasonable men, and we firmly believe that its issue would effectually prevent the recurrence of a panic as senseless as the one that has recently paralyzed the business of the country.

OUR CURRENCY.—The fact that our national currency is continually appreciating in value, while other things are depreciating, proves that the people have an abiding confidence in the credit of the Government. Our bank circulation is secured by the bonds of the nation. The depositors of a national bank may be swindled out of their deposits, but the bill-holders are secure. The Government holds ample security to make them good, and neither failures nor suspensions can affect the value of the bills they hold. Hitherto the panics which have afflicted the country have caused a great depreciation of State-bank paper. The failure of a bank to redeem in gold was the beginning of a depreciation in the value of its paper money. The more distant the probability of resumption the lower fell the value of a paper dollar. Men holding promises to pay were glad to convert them into something more substantial. Now men are glad to convert the most substantial securities into greenbacks; and the novel fact is noticed that the wider the financial depression spreads the nearer gold and greenbacks approach in value, so that at any time we may be face to face with the long-expected resumption of specie payments without any legislation whatever. If our people can practice economy and force our merchants to stop the importation of unnecessary articles that create a demand for gold, and permit our exports to largely exceed our imports, gold will become a drug in the market, and with the full restoration of public confidence will actually fall below the value of green-

backs, because its bulk and weight render it an inconvenient medium for exchange among business men. If the present crisis should lead to this quiet resumption its good effects will overbalance its bad ones.

STATE CONSTITUTIONAL AMENDMENTS.—Several States are at this time making amendments to their fundamental laws. Among the prohibitory provisions which are enunciated in the most positive manner are those treating lotteries as an offense. This is a modern improvement in the social system, and a good one. It is only a short time back since lottery schemes were protected by law, and were participated in by the State. In some parts of the country this policy is still practiced. Lotteries are not, however, the only species of pernicious gambling that need denunciation. Under special and general legislation an immense number of incorporated associations have sprung up all over the country. Subscribing stockholders pay in to the capital stock a mere percentage of the sum they subscribe for, and the stock is afterward brought up to par by dividends declared or creation of new stock, scrip, or vouchers; the original subscribers, on the "ground floor," as it is called, are made whole by this species of "watering." The dilutions are placed on the market under various subterfuges. This species of false pretense is not confined to the so-called money centers, but pervades all sections of the country. Insurance companies are notably raised everywhere under the very promise that but a small per centage of the subscription will ever be called for. It is remarkable what a number of respectable persons lend their names and influence to securing the confidence of the community on such subterfuges.

They may not intend to defraud the public, and do not, perhaps, reflect that they supply the instruments for that purpose. If, however, the enterprises go on with comparative success, the managers provide some scheme to get possession of the partially-paid-up stock before declar-

ing dividends, and in this case only the participators are concerned. If this were all, these corporations and their corporators might be left to their own glory and work out their own salvation. But as a man can hardly buy a pair of boots or pick his teeth with a wooden toothpick without, in the shape of a patent royalty or in some other manner, paying tribute to one of these close corporations, if their vested rights are to be protected, all needful protection should also be afforded the public, who are practically made the victims of a lottery projected by corporators issuing scrip and watered stock as dividends. Nothing less than a fundamental prohibitory law will effectually remedy this evil. The proposition is well worthy the attention of legislators and delegates who have now under consideration constitutional amendments. Something in the following form would meet the issue: "No corporation in this State shall declare any dividend based on real or supposed profits, unless the same be payable forthwith in money, and any scrip, stock, or other voucher payable otherwise than on demand at its face value shall be utterly void."

THE CAUSE OF DEFEAT.—The partial success which the Democratic party has met with in the recent elections has had the tendency to develop a few of the schemes which have laid dormant since the close of the war. The assumption of the Southern States' debts, the refunding of the cotton tax, the payment by the nation for damage and destruction of private property in the South during the war, and an allowance of \$500,000,000 for the slaves set free, are among a few of the schemes to bankrupt the national treasury under Democratic rule. If the recent elections showed an increase of Democratic strength we should feel alarmed, in view of the dangers ahead; but the vote of the party has fallen so far below the vote of 1872 that we are safe in saying that Democracy is no stronger than it has been. We lost a few States because our friends were asleep. The large majorities of

last year had the usual result, and, as in past years, were followed by a feeling of apathy which led to defeat, where victory ought to have been secured. Aside from the moral effect there is nothing vital lost to our party by the loss of New York, Ohio, or Wisconsin. We need a few reverses to teach us the necessity of activity, of thorough organization, and of sleepless vigilance. Over confidence in our own strength was the cause of our defeat. A single vote may not be missed at the polls, but where thousands of voters think that one vote will make but little difference one way or the other the aggregate becomes enough to turn the scales against the party whose friends held a single vote as of little consequence in the general result. The only way to secure success is to labor for it—bring out every vote, and labor until the polls close to get a full party vote. This year the Democrats have brought out a larger percentage of their votes than the Republicans. The result shows that they are more active than Republicans without being numerically as strong.

NATIONAL SAVINGS BANKS.—We note a strong and growing sentiment everywhere in favor of the establishment of postal savings banks. The more the system is discussed and considered the stronger it becomes. The very fact that the present savings institutions of the country are forced to keep on hand an extraordinary reserve of greenbacks and national bank currency at a time when the business interests of the nation demand the circulation of every available dollar is proof that the system of savings as at present practiced is both defective and injurious: defective, because it fails to command public confidence in times when confidence is most needed; and injurious, because the effort to secure its own safety from a possible contingency has a tendency to paralyze the legitimate business of the country by withdrawing from circulation the money needed for purposes of trade. National savings banks would be free

from this serious objection. They would offer a low rate of interest and absolute security to the depositor. They would invite millions of deposits that are now stored away in some secret hiding-place. They would strengthen public confidence in times of financial depression. They would tend to encourage thrift, industry, and wise economy. They would afford the Government an opportunity of saving millions in the item of interest alone, by refunding its present high interest bonds with ones bearing a lower rate. They would, in time, so reduce the public indebtedness that the money deposited could be diverted to the payment of the current expenses of the Government, taxing the people for the interest paid on the deposits. By this means taxation would be largely reduced, and its burdens would hardly be felt. The system is not an experimental one. It has had over twelve years' trial in England, and has worked well. The English system can be improved upon, and the one established in this country ought to be as near perfect as human wisdom can possibly make it. The postal money-order system has outlived the objections which met its introduction, and is daily growing in importance and favor. The business in some sections has more than doubled since the beginning of the panic. The postal savings-bank system would be even more popular, for it would supply a want never more keenly felt than during these times of financial depression. The poor men of the nation who have a few dollars to lay aside from their hard earned wages must be made to feel that they can have their savings when they want them, and that at all times their money is as secure as the Government itself.

THE Democrats of Ohio are not "reviving" so much as they would have us believe. This is the way they have been advancing backward for the last few years, the figures representing their vote for governor: 1867, A. G. Thurman, 240,622; 1869, G. W. Pendleton, 227,580; 1871, George W. McCook, 218,105; 1873, William Allen, 214,525.

THE CUBAN PROBLEM.

The recent unwarranted action of subordinate Spanish officials in Cuba, in the precipitate and unadvised execution of the Virginus captives, has forced the Cuban problem upon the attention of outraged humanity under circumstances that forbid delay in its solution and final settlement. Possibly, if this were the first offense of the kind, pledges to keep the peace in the future might be accepted under the technical terms of international law. But this is only one of a series of similar acts of cowardly barbarity, of which the garroting of Lopez and execution of Crittenden and their associates, and the deliberate shooting of college students for the pleasurable gratification of irresponsible Spanish volunteers, are recent examples; and until the island is placed under conditions of absolute protection to life and the rights of society against similar outrages, their occurrence in the future is as certain as the fact of their perpetration in the past.*

Nor is the call for interference in the name of humanity less urgent and imperative in view of the atrocious policy of the Spanish officials toward the native and resident population. The oldest inhabitant can recall from his earliest recollections scenes of extreme barbarity, and unjustifiable imprisonment and death. Away back beyond his generation history informs us that since the commencement of Spanish immigration, which followed close upon the discovery of the island, a reckless disregard of human life has characterized the policy of the rulers in Cuba. The extermination of the Indians was accomplished at an early period, only to prepare the way for new

and even more aggravating scenes of barbarity, in a different form, against the creole or native population, by the Spanish authorities.

But while the aborigines died out under slavery and oppression, with a yielding submission to their fate, the creoles resented their unjust treatment by officials, and because this resistance to their cruelties was offered the tyranny of the imported rulers has filled the pages of Cuban history with accumulated atrocities, compared with which the hasty execution of the Virginus captives pales into insignificance. "The sons of Cuba," said a reliable writer in 1847, "are persecuted, imprisoned, buried in dungeons, banished, sentenced to fortresses, and condemned to death for calumnies, and for imaginary crimes of disloyalty, on no better foundation than flimsy suspicion or false denunciation by infamous spies." Details that would fill quarto volumes might be given in confirmation of the cruelties practiced by the authorities,* and, latterly, by irresponsible Spanish volunteers also, who have to some extent usurped the power, and tyrannized over all classes, from the native nobility to the helpless slave.

As might be expected, there is a widespread and deep-seated opposition to the Government among the creoles and intelligent portion of the free black population. A purer patriotism never filled the hearts of any people than that which has impelled the natives of Cuba to an effort, long continued, to break the yoke of foreign misrule and oppression. Just seventy years ago a creole received his birth in the city of Santiago, and almost on the very spot where the Cuban patriots were so recently shot. Twenty years later he was practicing law at the bar of the Su-

*It is not necessary here to discuss the rules of international law in reference to the capture of the Virginus and execution of her crew and passengers. If Spain has not admitted a state of war in Cuba, the ship with her cargo, crew and passengers were not contraband of war, and had a right to enter any port in the island unmolested. But if a state of war was, at the time, admitted and declared, the ship and cargo were liable to seizure and confiscation, and her crew and passengers to imprisonment at most until peace was declared, then to be liberated, if not in the meantime exchanged for prisoners held by the enemy.

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*Captain McArthur, of the British schooner Brilliant, witnessed the execution of Ryan, Varona, Jesus de Sol, and Cespedes. He says: "Ryan was not instantly killed. A Spanish officer stepped forward and thrust his sword through his heart. Then down came upon the corpse, still warm with life, the blood-thirsty mob, severing the heads from the bodies, placing them on pikes, and marching with them through the city."

preme Court, and indirectly pleading for free speech and the rights of his countrymen upon the very soil that was so recently deluged with human blood offered in the same cause. His opinions attracted the attention and raised the suspicion of the Government, and in November, just fifty years ago, he narrowly escaped with his life to the United States. Jose Maria Heredia was a true patriot, a large-hearted creole, a gentleman of brilliant talents, like many of his down-trodden countrymen, and a gifted poet. On the subject of his country's wrongs his verses seem almost to partake of inspiration. A single stanza from his "Season of the Northers" will show the intensity of his love of country:

"My happy land! thou favored land of God,
Where rest His mildest looks, His kindest
smiles,
Oh! not forever from thy soil beloved,
My cruel fortune tear me! but be thine
The latest light that on these eyes shall
shine!"

He died in exile in 1839. As showing forcibly his keen sense of his country's wrongs, the following lines will be read with interest:

"THE EXILE'S HYMN.

"Fair land of Cuba! on thy shores are seen,
Life's far extremes of noble and of mean;
The world of sense in matchless beauty
dressed,
And nameless horrors hid within thy breast.
Ordained of Heaven the fairest flower of earth,
False to thy gifts, and reckless of thy birth!
The tyrant's clamor, and the slave's sad cry,
With the sharp lash in insolent reply;—
Such are the sounds that echo on thy plains,
While virtue saints, and vice unblushing
reigns.
Rise, and to power a daring heart oppose!
Confront with death those worse than death-
like woes.
Unfailing valor chains the flying fate;
Who dares to die shall win the conqueror's
state!
We, too, can leave a glory and a name
Our children's children shall not blush to
claim;
To the far future let us turn our eyes,
And up to God's still unpolluted skies!
Better to bear the breast, and undismayed
Meet the sharp vengeance of the hostile blade
Than on the couch of helpless grief to lie,
And in one death a thousand deaths to die.
Fearest thou blood? O, better, in the strife,
From patriot wounds to pour the gushing life,
Than let it creep inglorious through the
veins
Benumbed by sin, and agony, and chains!
What hast thou, Cuban? Life itself resign—
Thy very grave is insecurely thine!
Thy blood, thy treasure, poured like tropic
rain
From tyrant hands to feed the soil of Spain.
If it be truth that nations still must bear
The crushing yoke, the wasting fetters wear—
If to the people this be Heaven's decree,
To clasp their shame, nor struggle to be free,

From truth so base my heart indignant turns,
With freedom's frenzy all my spirit burns—
That rage which ruled the Roman's soul of
fire,
And filled thy heart, Columbia's patriot sire!
Cuba! thou still shalt rise, as pure, as bright
As thy free air—as full of living light;
Free as the waves that foam around thy
strands,
Kissing thy shores, and curling o'er thy
sands!"

After Heredia's exile and death continued oppression reared legions of patriots to take his place, among whom were many noble spirits, but who, like Heredia, were either exiled or put to death, many of them on mere suspicion.

In 1844 rumors of an intended revolt among the colored population reached the ears of the Captain General of Cuba, who immediately ordered the organization of a number of military commissions, and sent out over the island a large number of officials with their spies. A large number of arrests were made among the creole, free black, and slave population, about three thousand of whom, according to the British officer on the island, Mr. Kennedy, were put to death under the lash, while others were shot and their property confiscated. Among those thus summarily disposed of under the most aggravated forms of barbarity were, even among the colored population, some of the noblest spirits that ever sacrificed their lives in the cause of humanity. Of these we may name Gabriel de la Concepcion Valdes, whose writings, under the *nom de plume* of Placido, are not unknown to the literary world outside of Cuba. He was a Matanzas mulatto, a comb maker by trade, and without the opportunity of acquiring even the rudiments of an education, excepting under the most adverse circumstances. Yet he overcame all obstacles, and achieved a fair reputation as a poet. He was marked, however, as a victim by the *fiscals*, and though he indignantly denied many of the charges preferred against him, he does not appear to have yielded the right of his countrymen to resist the hand of oppression and tyranny. He was sentenced to be shot. While in prison and preparing for death he composed his "Prayer to God," in six stanzas, of six lines each, which, with a

firm step and uplifted eyes, he chanted audibly while passing from the prison to the place of execution. As an evidence of his faith, alike in his God and in the glorious cause of human freedom, we make room for three verses of this prayer and dying testimony:

"O, God of love unbounded! Lord supreme!
In overwhelming grief, to thee I fly;
Rending this vail of hateful calumny,
O, let thine arm of might my fate redeem!
Wipe thou this foul disgrace from off my brow.
With which the world hath sought to stamp it now.

Merciful God! how should I thee deceive?
Let thy eternal wisdom search my soul:
Bowed down to earth by falsehood's base control,
Her stainless wings not now the air may cleave.
Send forth thine hosts of truth, and set her free!
Stay thou, O, Lord! the oppressor's victory.

But if this lot thy love ordains to me—
To yield to foes most cruel and unjust,
To die and leave my poor and senseless dust
The scoff and sport of their weak enmity—
Speak, thou! and then thy purposes fulfill;
Lord of my life, work thou thy perfect will!"

On the night before his death Placido wrote a very endearing farewell letter, in verse, to his wife, and one also to his mother, the latter of which, being quite brief, we are tempted to quote:

The appointed lot has come upon me, mother,
The mournful ending of my years of strife;
This changing world I leave, and to another,
In blood and terror, goes my spirit's life,
But thou, grief smitten, cease thy mortal weeping,
And let thy soul her wanted peace regain;
I fall for right, and thoughts of thee are sweeping—
Across my lyre, to wake its dying strain—
A strain of joy and gladness, free, unfailing,
All glorious and holy, pure, divine,
And innocent, unconscious as the wailing
I uttered at my birth; and I resign,
Even now, my life; even now, descending slowly,
Faith's mantle folds me to my slumbers holy.
Mother, farewell! God keep thee, and forever!

On the morning of the execution this mulatto patriot, with other victims, was led out to the open square. He was selected as the first to be shot. With bandaged eyes he was ordered to kneel and give the signal for the soldiers to fire. It is recorded in history that when the smoke rolled away it was seen that he had only been wounded, and had fallen in agony to the ground.* A murmur

* A former resident of Santiago arrived in New York city a few days ago from Havana. He describes the recent and former executions as he has witnessed them: "The hands and feet, already in irons, are now bound, and the

of horror ran through the crowd. Placido, slowly rising to his knees, drew up his form proudly, and cried, in a broken voice, "Farewell, world! ever pitiless to me! Fire! *here!*" raising his hand to his temples. Brave and noble Placido was but one of the many martyrs to the glorious cause of human rights. There is eloquence and power in blood, and the greatest good ever achieved for the human family was through the sacrifice of life.

Such was the life and death of Placido, a poor colored laborer, and such is the history of the struggle for freedom in Cuba ever since the day of the "Declaration of Independence" in our own free land, by which, under far less aggravating circumstances, we obtained what our neighbors are still struggling for. Without foreign aid our cause could probably have achieved no better success than theirs. France, and even Spain, acknowledged the justness of our demand, and came to the rescue. Does humanity require similar action, under similar circumstances, at our hands? Have we discharged that obligation? If not, we still owe it, and Providence seems to mark the present as an auspicious time to respond to the call for its liquidation.

We are not advocating filibustering expeditions, nor do we encourage precipitate action, but simply a faithful discharge of the duty devolving upon the Government, in the clear light of history and national responsibility.* The people of Cuba—the sons of her soil—have cer-

victims are made to kneel, facing a wall, and ready when the bullets strike to fall headlong into the ditch between them and the wall. The officer raises his sword and the volley sends the victims, mangled and dying, into the ditch. When the work is over the cavalry file their horses close by the wall, and their hoofs grind and slip over the dead and dying. Then the artillery passes along the ditch, the wheels crunching over the dead. When all is over and the negro scavengers come to knock the irons off and load the bruised, disfigured mass into their carts, *eye witness's tell of life and motion in the load that moves off to a place two miles away, where all are dumped indiscriminately into a pit of quicklime.*"

"International law does not deny the right even of forcible intervention. Fifty years ago, after Turkish ferocity left of the 150,000 inhabitants of the beautiful and helpless island of Scio only 40,000 women and children, sold into slavery, the wrath of Europe compelled the Turk to recognize the independence of Greece."—*Curtis, in Harper's Weekly, Dec. 6.*

tain unalienable rights, and in securing to them these natural privileges no wrong need be done to any other people or nation.

The inquiry comes now: How shall Cuba be reinstated? It is not the province of THE REPUBLIC to dictate; nor is it the wish of the writer even to suggest the course to be pursued in the solution of this question. It is enough for us to say, as has already been proclaimed by the press and the people throughout the Union, that this obligation devolves upon Congress, and that, too, with a directness and under such imperious circumstances that neither evasion nor delay can be permitted with impunity. The President has already intimated his determination to lay the subject before Congress at an early day, and the people, if popular report can be relied upon, are a unit in their faith that justice will be done, alike to the oppressed and the oppressor.

It is the duty of THE REPUBLIC, however, as the medium for "the dissemination of political information," to give a brief *resume* of the public sentiment in and beyond Cuba on the question of their destiny in the future.

No people suffering under severe and prolonged oppression can have any loyal attachment to the source of their grievances; and as loyalty is forced from the breast patriotism usually occupies its place. In Cuba the creole, and in fact all the intelligent portion of the native population, comprehend full well what their country might become under an enlightened, liberal, and free government; and yet, with all its boundless sources of wealth, the yoke of foreign rule compels them to a toil which knows no law but that of oppression and taxation, in order to support a navy and an army, for the two-fold object of compelling submission and affording a surplus fund for the treasury of the Spanish Government. It is not remarkable, then, that outside of Havana, and other cities where the Spanish officials are installed, the desire for relief from the Spanish yoke is intense, and that, too, among all classes in pro-

portion to their intelligence. To preach another philosophy is not to know the spring of the human heart, "because," as Mr. Saco says, "the eternal laws written by nature in the heart of man prohibit that we should love the tyrant that oppresses; no, not even if he be our own father."

But what condition do the Cubans desire in exchange for Spanish dominion? Is it independence and a monarchy, or independence and a republican government modeled after some one of those of South America? Is it a transfer to England and confederation with her other West India islands on the plan of the Dominion of Canada? Or do they desire to become a State in the American Union, in full possession of the powers and privileges conferred upon each and all of the other States in the Union? Let us look at each of these conditions separately.

Independence, with a republican, monarchical, or mixed government, it is claimed by the more intelligent portion of the native population, does not promise what the people now crave, and that is rest and recuperation of their exhausted energies and the resources of the country. The withdrawal of the Spanish forces would not be a guarantee of peace, but rather an incentive to insurrections and civil war by the restive and ignorant classes, who are, until properly instructed and disciplined, inclined to be turbulent, no matter what might be their form of government or however humanely they were treated. The strong arm of justice and humane discipline are required to bring order out of the long disorganized masses of mixed humanity in Cuba. The materials to guarantee such discipline can scarcely be supposed to exist at present upon the island; nor could they be commanded immediately after the proclamation of separation and independence. Leon De Calvo, an eminent Cuban, in an able reply to a pamphlet by Don Jose Antonio Saco, on the future of Cuba says: "Mr. Saco would prefer that Cuba were first independent. Would he not dread to launch her in all the attempts of self-government which

have been the constant reef of destruction to the Spanish family? Does not the picture of Spanish-America, torn asunder by intestine dissention, inspire him with sorrowful forebodings? Or would he deny the protecting shield which the Government of the Union would lend to an incipient republic?" De Calvo, who puts these queries to Saco, has written with great ability in favor of Cuba becoming a State in the American Union.

The second proposition—namely, that of becoming a part of the proposed confederation of the English West India Islands—is not one requiring serious consideration, as it is contrary to the recently expressed public sentiment in England and elsewhere. It is also incompatible with the spirit of the Monroe doctrine, and would invite the direct interference of the American Government.

The third condition suggested—that of becoming a State in the American Union, in full possession of equal privileges with each and all the other States—is a consummation long contemplated by the most intelligent classes of native Cubans; and for half a century past the subject has been freely discussed and pretty thoroughly examined in its political, social, moral, and commercial bearings, only to strengthen the public conviction in favor of the measure, not only in Cuba and the United States, but in Europe and elsewhere. De Calvo, who writes from personal knowledge, is very emphatic on this point. Hear him: "We can not say nowadays that there is a political conspiracy in Cuba; what is to be met is one common and universal idea. Some are ready to shed their blood for the banner which is to elevate them to the rank of men; some appreciate its advantages, and fear and hope to obtain the same results by conventions and treaties. Some, ill at ease with the law that might put a stop to the abuses on which they live, would oppose its course; but public sentiment advances daily, and all divine by an instinct, true messenger of the age, and feel that the colossus of America is coming toward us, diffusing wealth and happiness in its path!"

And after the consummation of this union the immediate future of Cuba is vividly painted by the author of "Cuba and the Cubans." He says: "From the moment Cuba becomes an integral portion of the United States, all the exactions and oppressions which now weigh so heavily upon it will be at an end. The island would enter at once into the enjoyment of civil and religious liberty, and, with her ports open to the commerce of the world, her inhabitants educated and religiously impressed, her soil cultivated to its full capacity, her products sent to an unrestricted market, and under the influences of the moral and political force, which are the vital elements of the American Constitution, she would become the most prosperous of the States.

On the other hand, the advantages resulting to the United States from the adoption of Cuba into the Union are many and important. A few only of these will be noted.

In a commercial point of view the value of the acquisition can be gathered from a brief examination of the trade between Cuba and this country, and between that island and other foreign ports. Complete official returns for the fiscal year ending June 30, 1872, the latest yearly returns published, are now before us. During that year the Havana published reports show that of the 306,220 hogsheads of molasses exported from the island the United States took 296,987 hogsheads, or 97 per cent. of the entire export of that article leaving only 9,233 hogsheads, or 3 per cent. for all other purchasers. Of these, Great Britain and her colonies received 8,139 hogsheads; north of Europe, 8; south of Europe, 264; and all other ports, 780 hogsheads. During the same period the United States received from Cuba sugar to the amount of 1,041,065 boxes*, while Spain received only one-seventh of that amount. Our entire purchases of goods from Cuba during the year amounted in value to \$67,720,205, or 85

*Part of the sugar is put up and shipped in hogsheads, but allowing the regular proportion of $3\frac{1}{4}$ boxes to the hogshead, the entire export is, for convenience reduced to boxes, and will be found to be correct, according to the returns published in Havana.

per cent. of the entire export of this island; while at the same time, owing to the restrictions and impediments imposed by Spain, the purchases of American goods by Cuba amounted in value to only \$13,168,958, leaving a balance against us amounting to \$54,551,274. The duty on American flour in Cuba, for example, until quite recently, was \$10 50 per barrel, and even now shippers assert that "it is more profitable to send flour from New York to Spain, and thence to Cuba, than to ship it direct from the United States to Havana." Under unrestricted Cuban ports and markets the annual exchange in amount of American flour for Cuban sugar would be not very far from equal in value. As it is, we paid Cuba during the fiscal year, for the item of sugar alone, within a fraction of \$50,000,000,* while for flour Cuba paid us a fraction over \$1,000,000.

We have just received the returns of the exports from Cuba for the first seven months of 1873, ending July 31, as published in the *Havana Weekly Review* on the 27th of September last. Omitting fractions, the following are the relative proportions of sugar and molasses purchased by each country during the seven months: The United States took 76 per cent. of the entire export of these two articles; Great Britain and her colonies, 15 per cent.; France, 1 per cent.; South of Europe, 5 per cent.; North of Europe, 1 per cent.; all other parts, 2 per cent. Thus, we take over three-fourths of the entire export of these staple goods, against all impediments, while Spain is not named at all among the list of purchasers! As a State in the Union, in the circle of production, essential to a home supply, always sure and independent of foreign interference, it is justly claimed that Cuba can fill nobly the remaining gap with her coffee, cocoa, and tropical fruits. In this, too, she would serve all her sister States, for she would sell to every one, and buy of every one, which is not true

* The official figures are: sugar imported from Cuba to the United States, fiscal year ending June 30, 1872, value \$49,881,738; American flour shipped to Cuba, same year, value, \$1,180,446.

of the special product of any other State. She would also add as much as the Union really needs of sugar lands, and would make that henceforth a strong and distinct feature in the national balance of interests.

In a political point of view and as a peace policy Cuba claims a place in the American Union. Geographically Cuba, nearly as large as all the other West India Islands combined, stretches 780 miles in length, forming the bulwark of the Mexican Gulf, leaving only two gateways, each about one hundred miles wide, one between the island and Yucatan and the other forming the passage between Cuba and Florida. Cuba guards the Gulf of Mexico and our immense commerce all the way from Florida to the Rio Grande, including the vast trade up and down the Mississippi and its tributaries "Cuba, the Queen of the Antilles," remarks an observing writer, "unrolls her long line of coast exactly in the path of the Pacific, whether by the Gulf or Isthmus, and whoever holds her commands the great highway to Mexico and South America, to Oregon, California, and the Pacific." Under any other Power, or an allied combination, the free passage of these waters might be disputed and obstructed, the commerce of the Gulf destroyed, and the peace of nations endangered.

The social and moral effects of a union, it is claimed by discriminating statesmen, would be beneficial to both countries. If the timid are alarmed at the introduction of the foreign element that Cuba would add to our nationality, past experience with the Dutch in New York, Swedes in New Jersey and Delaware, Germans in Pennsylvania, French in South Carolina, and French and Spanish in Louisiana and Florida, ought to remove all anxiety on that score. Cuba would assimilate rapidly under the social influence of free political institutions, free schools, and free trade and intercourse; while with us, as it has been well observed by an intelligent writer, "a new sectional interest always implies another mediator in the councils of the Confederation—a proved truth in

favor of the permanent equilibrium of the Republic. The manufacturing East, the wheat and cattle-raising West, with Texas; the commercial Middle States, the cotton-growing Southwest, the rice sugar-planting South, and last, and latest, the gigantic mineral power, starting up on the great Northern lakes and seaming the continent down to the far Pacific, with its expanding influence, have each and every one their independent sectional weight and representation, as well as a diffused reciprocal dependence on each other, and on the Union as a whole."

In short, after a careful survey of public sentiment upon the question of the reception of Cuba into the American Union, we find but one opinion, wherever an unprejudiced declaration is made. The creole population of the Island are almost a unit in favor of the measure, and they are in numbers about one-half of the inhabitants,* and nearly the entire brain and intellect, excepting their Spanish oppressors.

In the United States, judging from the tone of the press and the utterances of prominent men, the measure is equally popular.

As indicating the sentiment of England, the *London Daily News*, November 15, in an editorial article on the prospects of the annexation of Cuba to the United States, says: "The execution of the Virginius captives has virtually decided the fate of the island." Other London journals, we are informed by a cable dispatch of that date, contain editorials of a similar tenor. The *London Daily Telegraph*, November 18, in a second editorial article on the subject, says: "Considerations of policy and humanity would lead England to view favorably

the annexation of Cuba to the United States."

The press of the Dominion of Canada views the question in the same light. The *Halifax Morning Chronicle* says:

"America owes it not only to her own dignity, and to the friends of the victims of the Virginius, whose blood cries out for vengeance, but to the interests of humanity in general to drive the Spaniards out of Cuba and annex the island. To erect there an independent republic would be to initiate a continual civil war. Spain confesses that she can not control the volunteers of Cuba, and can suffer nothing by American intervention. The retention of a merely nominal sovereignty over the island can not add much to Spain's dignity, nor its loss rebound to her discredit. But in any case the murderers of the crew and passengers of the Virginius should be promptly punished, and such atrocities rendered impossible in future."

Last, though not least, comes the declaration of Castelar himself, the President of the Spanish Republic, made in May last, in the presence of a number of Spanish and other gentlemen. That distinguished statesman said: "I am in favor of seeing Cubans gain their independence; I am in favor of their establishing a republic; I sympathise with them in their struggles, and am with them in everything but one thing, and that is when they say 'Death to Spain,' for I am a Spaniard." Not less than that could have been expected from Castelar, with his great views and generous impulses; and if he approves of the independence of Cuba he is, undoubtedly, in favor of the other important step, with all its advantages—a union with the United States.

With this statement of facts and full exhibition of popular sentiment in both hemispheres, THE REPUBLIC commends the Cuban problem to Congress, in full faith that, without being controlled either by mere filibustering clamor or sickly sentimental conservatism, that body, after due deliberation, will arrive at such a decision as a sense of national probity and the claims of humanity, rather than the technicalities of international etiquette demand.

*In THE REPUBLIC for August, page 329, the population of Cuba was stated to be about 1,038,068. Later accounts increase it to about one million and a quarter, viz:

White (creole).....	570,000
White (Spanish).....	105,000
Colored (free).....	172,000
Colored (slaves).....	373,000

Reports are not reliable. The census for 1841 showed a total population of 1,007,624, divided as follows: White, 418,291; free colored, 152,838; slaves, 436,495. But at a later date, 1846 the total population was said to have fallen to 898,752, on account, probably, of the massacre, executions, and emigration from the island.

OUR PRESIDENTS.

Washington, Adams, Jefferson, Madison, Monroe, John Quincy Adams, Jackson, Van Buren, Harrison, Polk, Taylor, Pierce, Buchanan, Lincoln, and Grant—not one disloyal man among them—not one whose character and life were not respectable. Despite the slanders, engendered by passion, which many of them had to bear, not one can be named who would not have honored any society in which he chose to move.

And what a luminous list we have of candidates proposed by minorities—Alexander Hamilton, John Jay, Crawford, Clay, Wirt, Webster, Seward, Cass, and Marcy.

We think these presentations refute the idea that republics are unfriendly to moral and intellectual eminence, or ungrateful to their benefactors. We fear no comparison with the leading men in monarchical governments—least of all with their kings and emperors.

Whatever may be said of the public acts of our American Presidents, the integrity of their private lives is unassailable.

"The entire experience of the United States thus far," says Mr. Seward, "shows that calumny of the Chief Magistrate is a chronic form of party activity, and that it has always failed of lasting effect." This is true of nearly every President we have had since Washington. And even the great and good Washington did not escape. Jefferson was literally covered with calumnies. His private character was blackened, and his administration ridiculed. He is to-day, on the other hand, presented to us as a model President. His private life, as portrayed by his recent biographers, is equally worthy of imitation. "His name shines with distinguished luster in the annals of history."

We might give other illustrations of the truth of Mr. Seward's remark, that "*Calumny of the President has always failed of lasting effect.*" But it seems to be an incurable form of attack upon all public men.

John Quincy Adams, who completed a circle of public service, filling fifty years, leaving a stainless record and an imperishable fame, was charged with bargain and corruption. William Henry Harrison was meanly assailed as a coward by the present Democratic Governor-elect of Ohio.

Similar assaults upon our later Presidents are familiar to all our readers. Mr. Lincoln endured all manner of reproach, and finally suffered death itself.

Mr. Seward one day, in his library, alluding to the melancholy fate of many public men, contending that he himself had been among the most favored, called attention to three portraits hanging on the wall, side by side. "There," said he, pointing to the first, (John Brown,) "he was hanged;" and to the second, (Lincoln,) "he was assassinated;" "and he," the third, (Andrew Johnson,) "was impeached." President Johnson was among Mr. Seward's auditors at the time. Going to another room, embellished with portraits of foreign rulers, he asked which of these were more fortunate than he. Not Maximilian nor Louis Napoleon.

In the choice of Vice Presidents the country has been less discriminating. The contrast is, indeed, remarkable. Aaron Burr is but another name for infamy. John C. Calhoun narrowly escaped being a traitor. Richard M. Johnson is remembered only with contempt.

Those who became Presidents—Tyler, Fillmore, and Johnson—were, politically, sad failures.

Tyler, it is said, was driven from allegiance to the party that elected him by the imperiousness of Henry Clay. From whatever cause, Tyler's infidelity was flagrant, and brought ruin to him and disaster to the Whig party. Mr. Fillmore, a man of pronounced anti-slavery sentiments, threw himself into the arms of the slave power immediately on his accession to the Presidency. Fillmore's treachery was even more wicked than Tyler's. Tyler's recusancy was in relation

to fiscal affairs, while Fillmore's concerned human rights. Tyler, moreover, was consistent with his antecedents. Fillmore abandoned his. Old John Adams, writing in 1770 to a friend who had apologized for despotism, exclaimed: "Can anything not abominable have provoked you to commence an enemy to human nature?"

Mr. Seward, who had been instrumental in giving President Taylor's policy a direction in favor of freedom, called on Mr. Fillmore on the night after General Taylor's death and entreated the new President to follow the footsteps of his predecessor, promising a hearty and disinterested support to the new Administration in return. Mr. Seward was disappointed. Mr. Fillmore commenced and continued his administration in the interest of slavery. It is a curious fact in this connection that the convention which nominated Mr. Fillmore for Vice President on the ticket with Mr. Taylor would have nominated Mr. Seward instead had not his friends declined the place for him. The nominee for President being a slaveholder, the second place was virtually conceded to an anti-slavery man; and so Mr. Fillmore was chosen to fill it.

Andrew Johnson became President by virtue of the Constitution—by its direct action. No member of the convention who voted for his nomination as Vice President intended to thereby make him President. Few, if any, so voting even considered the probability or possibility of such an event. When the people came to vote for President they voted for Abraham Lincoln without a thought of Johnson for that office. No member of Congress, no Senator, ever contemplated for a moment any idea of deposing Lincoln from the Presidency and instating Johnson therein. So that Andrew Johnson came to be President independent of the wish or suffrage of a single human being. The Constitution made him President. It is not strange that he, from the start, proved unacceptable to the people. It is not strange that Congress sought to displace him, nor that the Senate attempted to instate one of their own number in

the Presidential office instead of one who seemed to them to be an illegitimate occupant.

We may here recall some of the circumstances attending the nomination of Mr. Johnson as Vice President in the convention of 1864. The candidates were Daniel S. Dickinson, Andrew Johnson, and Vice President Hamlin. The contest was between Johnson and Dickinson. Henry J. Raymond, seconded by Preston King, advocated the nomination of Mr. Johnson, while Lyman Tremaine and George W. Curtis favored Mr. Dickinson. It is said that President Lincoln's influence was felt in the convention to be for the latter.

On a test vote the convention divided as follows: For Johnson, 200; Hamlin, 145; Dickinson, 113. The State of New York voted—Johnson, 32; Dickinson, 29; Hamlin, 6. Of course, the nomination of Johnson was finally made unanimous. The admission of the delegation from Tennessee was considered as a victory for Johnson. New York gave 44 votes in the affirmative, Ohio 42, and most of the other States followed in the same ratio. Mr. Raymond charged that the choice of Mr. Dickinson would be "a notice to quit" to the Secretary of State. Andrew Johnson, born in the South, a Senator from a disloyal State, was, nevertheless, a loyal patriot. His brave and noble attitude in the Senate, while his Southern comrades were proving faithless without exception, can never fade from history. As Governor of Tennessee, his courage and his devotion to the Union were proved to the last degree.

With such a record who more fit to be nominated for the second office in the gift of the people than Andrew Johnson. Had he been governed less by his own passionate will his administration might have been a bright page in our history. A number of striking illustrations might be adduced in proof.

The speech which he made on the 22d of February from the steps of the White House, so much to his discredit, was not the one he read to his friends the day before he delivered it. And this explains

why Mr. Seward telegraphed from New York, immediately after the speech was concluded, his approval of its sentiments. Mr. Seward thought he was approving the speech originally prepared for the occasion.

In preparing so much of President Johnson's annual message for 1868 as related to foreign affairs, Mr. Seward wrote as follows:

"While the United States have on all occasions *manifested* a decided unwillingness that any part of this continent or of its adjacent islands shall be made a theater for a new establishment of monarchical power and the re-establishment of slavery, too little has been done by us, on the other hand, to attach the communities by which we are surrounded to our own country, or to lend even a moral support to the efforts they are so resolutely and so constantly making to secure republican institutions for themselves."

The President substituted "professed" for "manifested" and struck out the words "and the re-establishment of slavery," adding also the following characteristic sentence to Mr. Seward's paragraph: "It is indeed a question of grave consideration whether our recent and present example is not calculated to check the growth and expansion of free principles, and make these communities distrust, if not dread, a Government which at will consigns to military domination States that are integral parts of our Federal Union, and while ready to resist any attempts by other nations to extend to this hemisphere the monarchical institutions of Europe, assumes to establish over a large portion of its people a rule more absolute, harsh, and tyrannical than any known to civilized powers."

We believe that many other papers emanating from President Johnson suffered similar interpolations, and that from this cause he and his administration incurred much odium and aroused unnecessary opposition and disaffection. His more successful predecessors had the good judgment generally to be guided by the greater wisdom and experience of their Cabinets. Andrew Johnson's failure may, we think, be charged to his obstinate refusal to follow the counsels of his advisers.

The Cabinets of nearly all our Presi-

dents have reflected honor upon the country as well as upon their respective Administrations. President Washington only could have achieved success with a Cabinet holding two men of such diverse views as Hamilton and Jefferson. Jackson dissolved his Cabinet summarily on the first appearance of diversity of sentiment among its members. Washington was a great politician, no less than a great statesman and a great general. Probably the two greatest politicians we have had in the Presidential chair were Washington and Lincoln. The latter, in selecting his Cabinet, tried the experiment that almost shipwrecked the Administration of the former. Mr. Lincoln's Secretaries, as we all know, were men of great ability, and fitted to discharge the duties of their several departments. But they were hardly less antagonistic in sentiment than were Jefferson and Hamilton; and Mr. Lincoln never insisted, as General Jackson did, that his Cabinet must be a "unit."

Mr. Seward once had occasion to review his published speeches and writings to learn what he had said during his life on certain subjects. On laying down the last volume he said, "I don't wonder the Democrats hate me." Mr. Gideon Wells is a Democrat of Democrats in the partisan sense. Those who are old enough to remember the Hartford Times in its palmy days, edited as it was by Mr. Welles, need not be told how bigoted and vindictive is his character. A disciple of, and an office-holder under Polk and Pierce, he early learned to hate Mr. Seward. Only a politician of this type would attack an opponent after that opponent had gone to the grave, and was unable to defend himself. In Mr. Lincoln's Cabinet so diminutive a man as Mr. Welles naturally felt uncomfortable, associated with a towering intellect like Seward's. Neither Mr. Welles or Mr. Blair could appreciate the generous nature of Mr. Seward, while they chafed under a dominating influence that is inseparable from a great genius.

It is generally known that Mr. Welles owed his appointment to Vice President

Hamlin, and that Mr. Lincoln would have gladly received Mr. Banks into the Cabinet instead of Mr. Welles; but Mr. Hamlin objected, insisting on the fulfillment of a promise made to him by Mr. Lincoln before he left Springfield. Nobody will contend that Mr. Welles was selected because of any great fitness on his part for the place. His greatest blunder while Secretary of the Navy was his voluntary approval of Wilkes' seizure of Mason and Slidell. From the dangerous effects of this rash proceeding it became Mr. Seward's duty to save the country. For this, as well as for other similar acts, Mr. Welles seems never to have for given Mr. Seward. He is now, in his leisure hours, engaged in attacking Mr. Adams' oration on Mr. Seward, which he has simply misconceived, without shaking any of its positions.

Some members of the Cabinet favored the colonization of the freedmen, and others would have compensated the slaveholders for the loss of their slaves. Mr. Seward was opposed to both of these measures.

Messrs. Blair and Welles are somewhat lame in their logic. In one breath they assert that Mr. Seward had no controlling influence in Mr. Lincoln's administration, and then they allege that Mr. Lincoln and all the Cabinet except Mr. Seward desired to appoint Mr. Dayton Minister to England. Mr. Seward preferred Mr. Adams, and Mr. Adams was appointed.

Again, Mr. Welles relates at great length how Mr. Seward directed the Secretary of the Navy to hold the mails of the Peterhoff inviolate; that he (Mr. Welles) thought this very wrong, contrary to international law and precedent; that the rest of the Cabinet thought so; that Mr. Sumner, chairman of the Committee on Foreign Relations, was sure Mr. Seward had blundered, and Mr. Lincoln himself was converted to the theory advocated by the Cabinet and Mr. Sumner with so much earnestness. The result was that the President confirmed Mr. Seward's orders, and the Secretary of the Navy had to submit.

That Mr. Seward, in the early days of the Administration, and in the early stages of the war, was not only Secretary of State, but to a certain extent Secretary of War and of the Navy also, is well known to those who had an inside view of the situation. Documentary proof of this could be cited if necessary. In view of Mr. Seward's great experience as an executive officer, it was only natural that his counsel and services should, in the exigency, have been brought into requisition. With the exception of the Treasury and Post Office Departments, the whole Administration at times felt his influence. Of course it was not so apparent after the other officers had acquired experience and familiarity with their duties. A prominent Government official met Mr. Seward after hearing of the battle of Antietam, and saluted him with the remark, "*That is your victory, Mr. Seward!*" He spoke of what he knew. Mr. Seward replied, with emphasis, "*Yes, it is!*"

The Secretary of State has always occupied an eminent position in every Administration. Six of those who have held that place became Presidents—as many more were candidates, one a Vice-President, and one a Chief Justice. It is idle to attempt to ascertain the exact status of any of them in the Cabinet, or the particular influence he had over the President. Volumes have been written on this subject in the case of Washington's Administration with little result. No President can escape his individual responsibility. No amount of ability in the Cabinet could have made the Administrations of Washington and Lincoln the grand success they were if Washington and Lincoln had not been men of genius themselves. Certainly Andrew Johnson's Cabinet were unable to save *him* from popular reproach.

In conclusion, to quote again the words of Mr. Seward, "The people deal rigorously with their public servants, exacting reasons for their policy, energy in their conduct of affairs, and explanations for failures and disappointments in their Administrations, yet the people are, nevertheless, just."

SAVINGS BANKS—No. 2.—Among the questions which will have to be considered in the establishment of Government or postal banks will be—

First. Shall these banks be so organized as to receive only the savings of the poorer and the industrial classes? None will question the propriety, not to say the duty, of the Government to provide, not only safety, but facility for the savings of this class of persons, at least to a limited extent. But how shall the system be restricted to this class? Such restriction would be substantially effected by limiting the amount upon which the Government will pay interest to a low maximum.

Should it be provided that deposits will be received as small as one dollar and not above one hundred dollars on any day from the same depositor, and that no interest would be paid on any balance above one thousand dollars, the business would unquestionably be limited to persons of small means, or, in case of larger deposits by persons of greater resources the larger balance would be without interest, a condition upon which the Government could well afford to accept the custody of any amount.

Second. The limitation as to balances on which interest may be paid should be extended indefinitely in relation to the funds of trustees and guardians, which are expected to remain on deposit for a long period of time. And, it is a matter for consideration whether other classes of depositors and larger amounts should not be admitted at a reduced rate of interest—say two per cent.—but this may well be left to the experience of the future; the funded loan bonds of the United States, in the meantime, being accessible to all through the agency of the national banks, if these institutions will consult their own and the public interest, as we believe they will. To simplify accounts and computations, interest should be allowed only from the first day of the month following the deposit, and to the first day of the month in which the withdrawal is made, and no interest should be computed upon fractions of a dollar.

Third. The withdrawal of deposits should be carefully provided for, so that, without unreasonable delay, and unembarrassed by complicated regulations, the depositor could control his capital. At least a certain per centage of the balance to his credit should be at instant command, and he should be enabled to withdraw the whole balance upon brief notice—say five or ten days. Such facilities would encourage deposits, and, therefore, not materially decrease the aggre-

gate balance in the hands of the Government.

Fourth. Should the depositor desire repayment at some distant office, the transfer should be made by money order so as not to complicate the system by the drafts of one office upon another. In England such transfers are made only upon the order of the central office—a system which is burdensome, even in that country, and which would be inconvenient, not to say impracticable, in this, because of our great extent of territory, and the delay that would be occasioned by sending to the central office and awaiting returns.

The advantages which this system presents are—

First. Unquestionable security to the depositor.

Second. It may be brought within convenient reach of all the people.

Third. The Post Office Department already possesses the requisite number of responsible agencies well-distributed over the country in the ratio of population, and skilled employees trained in the money-order offices to the accurate transaction of a not dissimilar business.

Fourth. Very little additional expense would be incurred for room, heat, or light.

Fifth. The responsibility thrown upon the local office would be only to the additional amount of funds to handle, scarcely larger balances being necessarily retained than are now required in the money-order business, the surplus being daily forwarded to the Treasury.

Sixth. It affords facilities for remuneration and safe investment to the great industrial masses, removes the amount deposited from the contingencies incident to commercial affairs, inspires habits of frugality, stimulates patriotism, enriches the people, reduces taxation, and strengthens and popularizes the Government.

For the facts upon which these suggestions rest reference is made to the statistical tables in the first article of this series, and to the very able report of the Postmaster General, to be found in this number of *THE REPUBLIC*.

THE PRESIDENT'S MESSAGE.

A comparison of the President's message with the article entitled "Work for Congress" will show a remarkable coincidence of recommendations upon all the topics which are discussed by both. When independent thinkers master the difficult problems of finance and cheap transportation so successfully, the country may expect speedy relief.

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APPENDIX.

CREDIT MOBILIER INVESTIGATION.

FEBRUARY 18, 1873.—Ordered to be printed with the evidence, and the further consideration postponed until Tuesday next, after the reading of the Journal.

Mr. POLAND, from the select committee to investigate the alleged Credit Mobilier bribery, made the following

REPORT:

The special committee appointed under the following resolutions of the House, to wit:

Whereas accusations have been made in the public press, founded on alleged letters of Oakes Ames, a Representative from Massachusetts, and upon the alleged affidavits of Henry S. McComb, a citizen of Wilmington, in the State of Delaware, to the effect that members of this House were bribed by Oakes Ames to perform certain legislative acts for the benefit of the Union Pacific Railroad Company, by presents of stock in the Credit Mobilier of America, or by presents of a valuable character derived therefrom: Therefore,

Resolved, That a special committee of five members be appointed by the Speaker pro tempore, whose duty it shall be to investigate whether any member of this House was bribed by Oakes Ames, or any other person or corporation, in any matter touching his legislative duty.

Resolved, further, That the committee have the right to employ a stenographer, and that they be empowered to send for persons and papers;

beg leave to make the following report:

In order to a clear understanding of the facts hereinafter stated as to contracts and dealings in reference to stock of the Credit Mobilier of America, between Mr. Oakes Ames and others, and members of Congress, it is necessary to make a preliminary statement of the connection of that company with the Union Pacific Railroad Company, and their relations to each other.

The company called the "Credit Mobilier of America" was incorporated by the legislature of Pennsylvania, and in 1864 control of its charter and franchises had been obtained by certain persons interested in the Union Pacific Railroad Company, for the purpose of using it as a construction company to build the Union Pacific road. In September, 1864, a contract was entered into between the Union Pacific Company and H. M. Hoxie, for the building by said Hoxie of one hundred miles of said road from Omaha west.

This contract was at once assigned by Hoxie to the Credit Mobilier Company, as it was expected to be when made. Under this contract and extensions of it some two or three hundred miles of road were built by the Credit Mobilier Company, but no considerable profits appear to have been realized therefrom. The enterprise of building a railroad to the Pacific was of such vast magnitude, and was beset by so many hazards and risks that the capitalists of the country were generally averse to investing in it, and, notwithstanding the liberal aid granted by the Government, it seemed likely to fail of completion.

In 1865 or 1866, Mr. Oakes Ames, then and now a member of the House from the State of Massachusetts, and his brother Oliver Ames,

became interested in the Union Pacific Company and also in the Credit Mobilier Company as the agents for the construction of the road. The Messrs. Ames were men of very large capital, and of known character and integrity in business. By their example and credit, and the personal efforts of Mr. Oakes Ames, many men of capital were induced to embark in the enterprise, and to take stock in the Union Pacific Company and also in the Credit Mobilier Company. Among them were the firm of S. Hooper & Co., of Boston, the leading member of which, Mr. Samuel Hooper, was then and is now a member of the House; Mr. John B. Alley, then a member of the House from Massachusetts, and Mr. Grimes, then a Senator from the State of Iowa. Notwithstanding the vigorous efforts of Mr. Ames and others interested with him, great difficulty was experienced in securing the required capital.

In the spring of 1867 the Credit Mobilier Company voted to add 50 per cent. to their capital stock, which was then two and a half millions of dollars; and to cause it to be readily taken each subscriber to it was entitled to receive as a bonus an equal amount of first-mortgage bonds of the Union Pacific Company. The old stockholders were entitled to take this increase, but even the favorable terms offered did not induce all the old stockholders to take it, and the stock of the Credit Mobilier Company was never considered worth its par value until after the execution of the Oakes Ames contract hereinafter mentioned.

On the 16th day of August, 1867, a contract was executed between the Union Pacific Railroad Company and Oakes Ames, by which Mr. Ames contracted to build six hundred and sixty-seven miles of the Union Pacific road at prices ranging from \$42,000 to \$96,000 per mile, amounting in the aggregate to \$47,000,000. Before the contract was entered into it was understood that Mr. Ames was to transfer it to seven trustees, who were to execute it, and the profits of the contract were to be divided among the stockholders in the Credit Mobilier Company, who should comply with certain conditions set out in the instrument transferring the contract to the trustees. The Ames contract and the transfer to trustees are incorporated in the evidence submitted, and therefore further recital of their terms is not deemed necessary.

Substantially, all the stockholders of the Credit Mobilier complied with the conditions named in the transfer, and thus became entitled to share in any profits said trustees might make in executing the contract.

All the large stockholders in the Union Pacific were also stockholders in the Credit Mobilier, and the Ames contract and its transfer to trustees were ratified by the Union Pacific, and received the assent of the great body of stockholders, but not of all.

After the Ames contract had been executed, it was expected by those interested that by reason of the enormous prices agreed to be paid for the work very large profits would be derived from building the road, and very soon the stock of the Credit Mobilier was understood by those holding it to be worth much more than its par value. The stock was not in the market and had no fixed market value, but the holders of it, in December, 1867, considered it worth at least double the par value, and in January and February, 1868, three or four times the par value, but it does not appear that these facts were generally or publicly known, or that the holders of the stock desired they should be.

The foregoing statement the committee think gives enough of the historic details, and condition and value of the stock, to make the following detailed facts intelligible.

Mr. Oakes Ames was then a member of the House of Representatives, and came to Washington at the commencement of the session, about

the beginning of December, 1867. During that month Mr. Ames entered into contracts with a considerable number of members of Congress, both Senators and Representatives, to let them have shares of stock in the Credit Mobilier Company at par, with interest thereon from the first day of the previous July. It does not appear that in any instance he asked any of these persons to pay a higher price than the par value and interest, nor that Mr. Ames used any special effort or urgency to get these persons to take it. In all these negotiations Mr. Ames did not enter into any details as to the value of the stock or the amount of dividend that might be expected upon it, but stated generally that it would be good stock, and in several instances said he would guarantee that they should get at least 10 per cent. on their money.

Some of these gentlemen, in their conversations with Mr. Ames, raised the question whether becoming holders of this stock would bring them into any embarrassment as members of Congress in their legislative action. Mr. Ames quieted such suggestions by saying it could not, for the Union Pacific had received from Congress all the grants and legislation it wanted, and they should ask for nothing more. In some instances those members who contracted for stock paid to Mr. Ames the money for the price of the stock, par and interest; in others, where they had not the money, Mr. Ames agreed to carry the stock for them until they could get the money or it should be met by the dividends.

Mr. Ames was at this time a large stockholder in the Credit Mobilier, but he did not intend any of these transactions to be sales of his own stock, but intended to fulfill all these contracts from stock belonging to the company.

At this time there were about six hundred and fifty shares of the stock of the company, which had for some reason been placed in the name of Mr. T. C. Durant, one of the leading and active men of the concern.

Mr. Ames claimed that a portion of this stock should be assigned to him to enable him to fulfill engagements he had made for stock. Mr. Durant claimed that he had made similar engagements that he should be allowed stock to fulfill. Mr. McComb, who was present at the time, claimed that he had also made engagements for stock which he should have stock given him to carry out. This claim of McComb was refused, but after the stock was assigned to Mr. Ames, McComb insisted that Ames should distribute some of the stock to his (McComb's) friends, and named Senators Bayard and Fowler, and Representatives Allison and Wilson, of Iowa.

It was finally arranged that three hundred and forty-three shares of the stock of the company should be transferred to Mr. Ames to enable him to perform his engagements, and that number of shares were set over on the books of the company to Oakes Ames, trustee, to distinguish it from the stock held by him before. Mr. Ames at the time paid to the company the par of the stock and interest from the July previous, and this stock still stands on the books in the name of Oakes Ames, trustee, except thirteen shares which have been transferred to parties in no way connected with Congress. The committee do not find that Mr. Ames had any negotiation whatever with any of these members of Congress on the subject of this stock prior to the commencement of the session of December, 1867, except Mr. Scofield, of Pennsylvania, and it was not claimed that any obligation existed from Mr. Ames to him as the result of it.

In relation to the purpose and motives of Mr. Ames in contracting to let members of Congress have Credit Mobilier stock at par, which he

and all other owners of it considered worth at least double that sum, the committee, upon the evidence taken by them and submitted to the House, cannot entertain doubt. When he said he did not suppose the Union Pacific Company would ask or need further legislation, he stated what he believed to be true. But he feared the interests of the road might suffer by adverse legislation, and what he desired to accomplish was to enlist strength and friends in Congress who would resist any encroachment upon or interference with the rights and privileges already secured, and to that end wished to create in them an interest identical with his own. This purpose is clearly avowed in his letters to McComb, copied in the evidence. He says he intends to place the stock "where it will do most good to us." And again, "we want more friends in this Congress." In his letter to McComb, and also in his statement prepared by counsel, he gives the philosophy of his action, to wit, "That he has found there is no difficulty in getting men to look after their own property." The committee are also satisfied that Mr. Ames entertained a fear that, when the true relations between the Credit Mobilier Company and the Union Pacific became generally known, and the means by which the great profits expected to be made were fully understood, there was danger that congressional investigation and action would be invoked.

The members of Congress with whom he dealt were generally those who had been friendly and favorable to a Pacific Railroad, and Mr. Ames did not fear or expect to find them favorable to movements hostile to it; but he desired to stimulate their activity and watchfulness in opposition to any unfavorable action by giving them a personal interest in the success of the enterprise, especially so far as it affected the interest of the Credit Mobilier Company. On the 9th day of December, 1867, Mr. C. C. Washburn, of Wisconsin, introduced in the House a bill to regulate by law the rates of transportation over the Pacific Railroad.

Mr. Ames, as well as others interested in the Union Pacific road, was opposed to this, and desired to defeat it. Other measures apparently hostile to that company were subsequently introduced into the House by Mr. Washburn of Wisconsin, and Mr. Washburne of Illinois. The committee believe that Mr. Ames, in his distributions of stock, had specially in mind the hostile efforts of the Messrs. Washburn, and desired to gain strength to secure their defeat. The reference in one of his letters to "Washburn's move" makes this quite apparent.

The foregoing is deemed by the committee a sufficient statement of facts as to Mr. Ames, taken in connection with what will be subsequently stated of his transactions with particular persons. Mr. Ames made some contracts for stock in the Credit Mobilier with members of the Senate. In public discussions of this subject the names of members of both Houses have been so connected, and all these transactions were so nearly simultaneous, that the committee deemed it their duty to obtain all evidence in their power, as to all persons then members of either House, and to report the same to the House. Having done this, and the House having directed that evidence transmitted to the Senate, the committee consider their own power and duty, as well as that of the House, fully performed, so far as members of the Senate are concerned. Some of Mr. Ames's contracts to sell stock were with gentlemen who were then members of the House, but are not members of the present Congress.

The committee have sought for and taken all the evidence within their reach as to those gentlemen, and reported the same to the House. As the House has ceased to have jurisdiction over them as members, the committee have not deemed it their duty to make any special finding of

facts as to each, leaving the House and the country to their own conclusions upon the testimony.

In regard to each of the members of the present House, the committee deem it their duty to state specially the facts they find proved by the evidence, which, in some instances, is painfully conflicting.

MR. JAMES G. BLAINE, OF MAINE.

Among those who have in the public press been charged with improper participation in Credit Mobilier stock is the present Speaker, Mr. Blaine, who moved the resolution for this investigation. The committee have, therefore, taken evidence in regard to him. They find from it that Mr. Ames had conversation with Mr. Blaine in regard to taking ten shares of the stock, and recommended it as a good investment. Upon consideration Mr. Blaine concluded not to take the stock, and never did take it, and never paid or received anything on account of it; and Mr. Blaine never had any interest, direct or indirect, in Credit Mobilier stock or stock of the Union Pacific Railroad Company.

MR. HENRY L. DAWES, OF MASSACHUSETTS.

Mr. Dawes had, prior to December, 1867, made some small investments in railroad bonds through Mr. Ames. In December, 1867, Mr. Dawes applied to Mr. Ames to purchase a thousand-dollar bond of the Cedar Rapids road, in Iowa. Mr. Ames informed him that he had sold them all, but that he would let him have for his thousand dollars ten shares of Credit Mobilier stock, which he thought was better than the railroad bond. In answer to inquiries by Mr. Dawes Mr. Ames said the Credit Mobilier Company had the contract to build the Union Pacific road, and thought they would make money out of it, and that it would be a good thing; that he would guarantee that he should get 10 per cent. on his money, and that if at any time Mr. Dawes did not want the stock he would pay back his money with 10 per cent. interest. Mr. Dawes made some further inquiry in relation to the stock of Mr. John B. Alley, who said he thought it was good stock, but not as good as Mr. Ames thought, but that Mr. Ames's guarantee would make it a perfectly safe investment.

Mr. Dawes thereupon concluded to purchase the ten shares, and on the 11th of January he paid Mr. Ames \$800, and in a few days thereafter the balance of the price of this stock, at par and interest from July previous. In June, 1868, Mr. Ames received a dividend of 60 per cent. in money on this stock, and of it paid to Mr. Dawes \$400, and applied the balance of \$200 upon accounts between them. This \$400 was all that was paid over to Mr. Dawes as a dividend upon this stock. At some time prior to December, 1868, Mr. Dawes was informed that a suit had been commenced in the courts of Pennsylvania by former owners of the charter of the Credit Mobilier, claiming that those then claiming and using it had no right to do so. Mr. Dawes thereupon informed Mr. Ames that as there was a litigation about the matter he did not desire to keep the stock. On the 9th of December, 1868, Mr. Ames and Mr. Dawes had a settlement of their matters in which Mr. Dawes was allowed for the money he paid for the stock with 10 per cent. interest upon it, and accounted to Mr. Ames for the \$400 he had received as a dividend. Mr. Dawes received no other benefit under the contract than to get 10 per cent. upon his money, and after the settlement had no further interest in the stock.

MR. GLENNI W. SCOFIELD, OF PENNSYLVANIA.

In 1866 Mr. Scofield purchased some Cedar Rapids bonds of Mr. Ames, and in that year they had conversations about Mr. Scofield taking stock in the Credit Mobilier Company, but no contract was consummated. In December, 1867, Mr. Scofield applied to Mr. Ames to purchase more Cedar Rapids bonds, when Mr. Ames suggested he should purchase some Credit Mobilier stock, and explained generally that it was a contracting company to build the Union Pacific road; that it was a Pennsylvania corporation, and he would like to have some Pennsylvanians in it; that he would sell it to him at par and interest, and that he would guarantee he should get 8 per cent. if Mr. Scofield would give him half the dividends above that. Mr. Scofield said he thought he would take \$1,000 of the stock; but before anything further was done Mr. Scofield was called home by sickness in his family. On his return, the latter part of January, 1868, he spoke to Mr. Ames about the stock, when Mr. Ames said he thought it was all sold, but he would take his money and give him a receipt, and get the stock for him if he could. Mr. Scofield thereupon paid Mr. Ames \$1,041, and took his receipt therefor.

Not long after Mr. Ames informed Mr. Scofield he could have the stock, but could not give him a certificate for it until he could get a larger certificate dividend. Mr. Scofield received the bond dividend of 80 per cent., which was payable January 3, 1868, taking a bond for \$1,000 and paying Mr. Ames the difference. Mr. Ames received the 60 per cent. cash dividend on the stock in June, 1868, and paid over to Mr. Scofield \$600, the amount of it.

Before the close of that session of Congress, which was toward the end of July, Mr. Scofield became, for some reason, disinclined to take the stock, and a settlement was made between them, by which Mr. Ames was to retain the Credit Mobilier stock and Mr. Scofield took a thousand dollars Union Pacific bond and ten shares of Union Pacific stock.

The precise basis of the settlement does not appear, neither Mr. Ames nor Mr. Scofield having any full data in reference to it; Mr. Scofield thinks that he only received back his money and interest upon it, while Mr. Ames states that he thinks Mr. Scofield had ten shares of Union Pacific stock in addition. The committee do not deem it specially important to settle this difference of recollection. Since that settlement Mr. Scofield has had no interest in the Credit Mobilier stock and derived no benefit therefrom.

MR. JOHN A. BINGHAM, OF OHIO.

In December, 1867, Mr. Ames advised Mr. Bingham to invest in the stock of the Credit Mobilier, assuring him that it would return him his money with profitable dividends. Mr. Bingham agreed to take twenty shares, and about the 1st of February, 1868, paid to Mr. Ames the par value of the stock, for which Mr. Ames executed to him some receipt or agreement. Mr. Ames received all the dividends on the stock, whether in Union Pacific bonds, or stock, or money; some were delivered to Mr. Bingham and some retained by Mr. Ames. The matter was not finally adjusted between them until February, 1872, when it was settled, Mr. Ames retaining the twenty shares of Credit Mobilier stock, and accounting to Mr. Bingham for such dividends upon it as Mr. Bingham had not already received. Mr. Bingham was treated as the real owner of the

stock from the time of the agreement to take it, in December, 1867, to the settlement in February, 1872, and had the benefit of all the dividends upon it. Neither Mr. Ames nor Mr. Bingham had such records of their dealing as to be able to give the precise amount of those dividends.

MR. WILLIAM D. KELLEY, OF PENNSYLVANIA.

The committee find from the evidence that in the early part of the second session of the Fortieth Congress, and probably in December, 1867, Mr. Ames agreed with Mr. Kelley to sell him ten shares of Credit Mobilier stock at par and interest from July 1, 1867. Mr. Kelley was not then prepared to pay for the stock, and Mr. Ames agreed to carry the stock for him until he could pay for it. On the third day of January, 1868, there was a dividend of 80 per cent. on Credit Mobilier stock in Union Pacific bonds. Mr. Ames received the bonds, as the stock stood in his name, and sold them for 97 per cent. of their face. In June, 1868, there was a cash dividend of 60 per cent., which Mr. Ames also received. The proceeds of the bonds sold, and the cash dividends received by Mr. Ames, amounted to \$1,376. The par value of the stock and interest thereon from the previous July amounted to \$1,047; so that, after paying for the stock, there was a balance of dividends due Mr. Kelley of \$329. On the 23d day of June, 1868, Mr. Ames gave Mr. Kelley a check for that sum on the Sergeant-at-Arms of the House of Representatives, and Mr. Kelley received the money thereon.

The committee find that Mr. Kelley then understood that the money he thus received was a balance of dividends due him after paying for the stock.

All the subsequent dividends upon the stock were either in Union Pacific stock or bonds, and they were all received by Mr. Ames. In September, 1868, Mr. Kelley received from Mr. Ames \$750 in money, which was understood between them to be an advance to be paid out of dividends. There has never been any adjustment of the matter between them, and there is now an entire variance in the testimony of the two men as to what the transaction between them was, but the committee are unanimous in finding the facts above stated. The evidence reported to the House gives some subsequent conversations and negotiations between Mr. Kelley and Mr. Ames on this subject. The committee do not deem it material to refer to it in their report.

MR. JAMES A. GARFIELD, OF OHIO.

The facts in regard to Mr. Garfield, as found by the committee, are identical with the case of Mr. Kelley to the point of reception of the check for \$329. He agreed with Mr. Ames to take ten shares of Credit Mobilier stock, but did not pay for the same. Mr. Ames received the 80 per cent. dividend in bonds and sold them for 97 per cent., and also received the 60 per cent. cash dividend, which together paid the price of the stock and interest, and left a balance of \$329. This sum was paid over to Mr. Garfield by a check on the Sergeant-at-Arms, and Mr. Garfield then understood this sum was the balance of dividends after paying for the stock. Mr. Ames received all the subsequent dividends, and the committee do not find that, since the payment of the \$329, there has been any communication between Mr. Ames and Mr. Garfield on the subject until this investigation began. Some correspondence between Mr. Garfield and Mr. Ames, and some conversations between them during this investigation, will be found in the reported testimony.

The committee do not find that Mr. Ames, in his negotiations with the persons above named, entered into any detail of the relations between the Credit Mobilier Company and the Union Pacific Company, or gave them any specific information as to the amount of dividends they would be likely to receive further than has been already stated. They all knew from him, or otherwise, that the Credit Mobilier was a contracting company to build the Union Pacific road, but it does not appear that any of them knew that the profits and dividends were to be in stock and bonds of that company.

The Credit Mobilier Company was a State corporation, not subject to congressional legislation, and the fact that its profits were expected to be derived from building the Union Pacific road did not, apparently, create such an interest in that company as to disqualify the holder of Credit Mobilier stock from participating in any legislation affecting the railroad company. In his negotiations with these members of Congress, Mr. Ames made no suggestion that he desired to secure their favorable influence in Congress in favor of the railroad company, and whenever the question was raised as to whether the ownership of this stock would in any way interfere with or embarrass them in their action as members of Congress, he assured them it would not.

The committee, therefore, do not find, as to the members of the present House above named, that they were aware of the object of Mr. Ames, or that they had any other purpose in taking this stock than to make a profitable investment. It is apparent that those who advanced their money to pay for their stock present more the appearance of ordinary investors than those who did not, but the committee do not feel at liberty to find any corrupt purpose or knowledge founded upon the fact of non-payment alone.

It ought also to be observed that those gentlemen who surrendered their stock to Mr. Ames before there was any public excitement upon the subject, do not profess to have done so upon any idea of impropriety in holding it, but for reasons affecting the value and security of the investment. But the committee believe that they must have felt that there was something so out of the ordinary course of business in the extraordinary dividends they were receiving as to render the investment itself suspicious, and that this was one of the motives of their action.

The committee have not been able to find that any of these members of Congress have been affected in their official action in consequence of their interest in Credit Mobilier stock.

It has been suggested that the fact that none of this stock was transferred to those with whom Mr. Ames contracted was a circumstance from which a sense of impropriety, if not corruption, was to be inferred. The committee believe this is capable of explanation without such inference. The profits of building the road, under the Ames contract, were only to be divided among such holders of Credit Mobilier stock as should come in and become parties to certain conditions set out in the contract of transfer to the trustees, so that a transfer from Mr. Ames to new holders would cut off the right to dividends from the trustees, unless they also became parties to the agreement; and this the committee believe to be the true reason why no transfers were made.

The committee are also of opinion that there was a satisfactory reason for delay on Mr. Ames's part to close settlements with some of these gentlemen for stock and bonds he had received as dividends upon the stock contracted to them. In the fall of 1868 Mr. McComb commenced a suit against the Credit Mobilier Company and Mr. Ames and others,

claiming to be entitled to two hundred and fifty shares of the Credit Mobilier stock upon a subscription for stock to that amount. That suit is still pending. If McComb prevailed in that suit, Mr. Ames might be compelled to surrender so much of the stock assigned to him as trustee, and he was not therefore anxious to have the stock go out of his hands until that suit was terminated. It ought also to be stated that no one of the present members of the House above named appears to have had any knowledge of the dealings of Mr. Ames with other members.

The committee do not find that either of the above-named gentlemen, in contracting with Mr. Ames, had any corrupt motive or purpose himself, or was aware that Mr. Ames had any, nor did either of them suppose he was guilty of any impropriety or even indelicacy in becoming a purchaser of this stock. Had it appeared that these gentlemen were aware of the enormous dividends upon this stock, and how they were to be earned, we could not thus acquit them. And here as well as anywhere, the committee may allude to that subject. Congress had chartered the Union Pacific road, given to it a liberal grant of lands, and promised a liberal loan of Government bonds, to be delivered as fast as sections of the road were completed. As these alone might not be sufficient to complete the road, Congress authorized the company to issue their own bonds for the deficit, and secured them by a mortgage upon the road, which should be a lien prior to that of the Government. Congress never intended that the owners of the road should execute a mortgage on the road prior to that of the Government, to raise money to put into their own pockets, but only to build the road.

The men who controlled the Union Pacific seem to have adopted as the basis of their action the right to incumber the road by a mortgage prior to that of the Government to the full extent, whether the money was needed for the construction of the road or not.

It was clear enough they could not do this directly and in terms, and therefore they resorted to the device of contracting with themselves to build the road, and fix a price high enough to require the issue of bonds to the full extent, and then divide the bonds or the proceeds of them under the name of profits on the contract. All those acting in the matter seem to have been fully aware of this, and that this was to be the effect of the transaction. The sudden rise of value of Credit Mobilier stock was the result of the adoption of this scheme. Any undue and unreasonable profits thus made by themselves were as much a fraud upon the Government as if they had sold their bonds and divided the money without going through the form of denominating them profits on building the road.

Now had these facts been known to these gentlemen, and had they understood they were to share in the proceeds of the scheme, they would have deserved the severest censure.

Had they known only that the profits were to be paid in stock and bonds of the Union Pacific Company, and so make them interested in it, we cannot agree to the doctrine, which has been urged before us and elsewhere, that it was perfectly legitimate for members of Congress to invest in a corporation deriving all its rights from and subject at all times to the action of Congress.

In such case the rules of the House, as well as the rules of decency, would require such member to abstain from voting on any question affecting his interest. But, after accepting the position of a member of Congress, we do not think he has the right to disqualify himself from acting upon subjects likely to come before Congress without some higher and more urgent motive than merely to make a profitable investment.

But it is not so much to be feared that in such case an interested member would vote as that he would exercise his influence by personal appeal to his fellow-members, and by other modes, which often is far more potent than a single silent vote.

We do not think any member ought to feel so confident of his own strength as to allow himself to be brought into this temptation. We think Mr. Ames judged shrewdly in saying that a man is much more likely to be watchful of his own interests than those of other people. But there is a broader view still which we think ought to be taken. This country is fast becoming filled with gigantic corporations, wielding and controlling immense aggregations of money, and thereby commanding great influence and power. It is notorious in many State legislatures that these influences are often controlling, so that in effect they become the ruling power of the State. Within a few years Congress has, to some extent, been brought within similar influences, and the knowledge of the public on that subject has brought great discredit upon the body, far more, we believe, than there were facts to justify.

But such is the tendency of the time, and the belief is far too general that all men can be ruled with money, and that the use of such means to carry public measures is legitimate and proper. No member of Congress ought to place himself in circumstances of suspicion, so that any discredit of the body shall arise on his account. It is of the highest importance that the national legislature should be free of all taint of corruption, and it is of almost equal necessity that the people should feel confident that it is so.

In a free government like ours, we cannot expect the people will long respect the laws, if they lose respect for the law-makers.

For these reasons we think it behooves every man in Congress or in any public position to hold himself aloof, as far as possible, from all such influences, that he may not only be enabled to look at every public question with an eye only to the public good, but that his conduct and motives be not suspected or questioned. The only criticism the committee feel compelled to make on the action of these members in taking this stock is that they were not sufficiently careful in ascertaining what they were getting, and that in their judgment the assurance of a good investment was all the assurance they needed. We commend to them, and to all men, the letter of the venerable Senator Bayard, in response to an offer of some of this stock, found on page 74 of the testimony.

The committee find nothing in the conduct or motives of either of these members, in taking this stock, that calls for any recommendation by the committee of the House.

MR. JAMES BROOKS, OF NEW YORK.

The case of Mr. Brooks stands upon a different state of facts from any of those already given. The committee find from the evidence as follows: Mr. Brooks had been a warm advocate of a Pacific Railroad, both in Congress and in the public press. After persons interested in the Union Pacific road had obtained control of the Credit Mobilier charter and organized under it for the purpose of making it a construction company to build the road, Dr. Durant, who was then the leading man in the enterprise, made great efforts to get the stock of the Credit Mobilier taken. Mr. Brooks was a friend of Dr. Durant, and he made some efforts to aid Dr. Durant in getting subscriptions for the stock, introduced the matter to some capitalists of New York, but his efforts were not crowned with success.

During this period Mr. Brooks had talked with Dr. Durant about taking some of the stock for himself, and had spoken of taking fifteen or twenty thousand dollars of it, but no definite contract was made between them, and Mr. Brooks was under no legal obligation to take the stock, or Durant to give it to him. In October, 1867, Mr. Brooks was appointed by the President one of the Government directors of the Union Pacific road. In December, 1867, after the stock of the Credit Mobilier was understood, by those familiar with the affairs between the Union Pacific and the Credit Mobilier, to be worth very much more than par, Mr. Brooks applied to Dr. Durant, and claimed that he should have two hundred shares of Credit Mobilier stock. It does not appear that Mr. Brooks claimed he had any legal contract for stock that he could enforce, or that Durant considered himself in any way legally bound to let him have any, but still, on account of what had been said, and the efforts of Mr. Brooks to aid him, he considered himself under obligation to satisfy Mr. Brooks in the matter.

The stock had been so far taken up, and was then in such demand, that Durant could not well comply with Brooks's demand for two hundred shares. After considerable negotiation, it was finally adjusted between them by Durant's agreeing to let Brooks have one hundred shares of Credit Mobilier stock, and giving him with it \$5,000 of Union Pacific bonds, and \$20,000 of Union Pacific stock. Dr. Durant testifies that he then considered Credit Mobilier stock worth double the par value, and that the bonds and stock he was to give Mr. Brooks worth about \$9,000, so that he saved about \$1,000 by not giving Brooks the additional hundred shares he claimed. After the negotiation had been concluded between Mr. Brooks and Dr. Durant, Mr. Brooks said that as he was a Government director of the Union Pacific road, and as the law provided such directors should not be stockholders in that company, he would not hold this stock, and directed Dr. Durant to transfer it to Charles H. Neilson, his son-in-law. The whole negotiation with Durant was conducted by Mr. Brooks himself, and Neilson had nothing to do with the transaction, except to receive the transfer. The \$10,000 to pay for the one hundred shares was paid by Mr. Brooks, and he received the \$5,000 of Pacific bonds which came with the stock.

The certificate of transfer of the hundred shares from Durant to Neilson is dated December 26, 1867. On the 3d of January, 1868, there was a dividend of 80 per cent. in Union Pacific bonds paid on the Credit Mobilier stock. The bonds were received by Neilson, but passed over at once to Mr. Brooks. It is claimed, both by Mr. Brooks and Neilson, that the \$10,000 paid by Mr. Brooks for the stock was a loan of that sum by him to Neilson, and that the bonds he received from Durant, and those received for the dividend, were delivered and held by him as collateral security for the loan.

No note or obligation was given for the money by Neilson, nor, so far as we can learn from either Brooks or Neilson, was any account or memorandum of the transaction kept by either of them. At the time of the arrangement or settlement above spoken of between Brooks and Durant, there was nothing said about Mr. Brooks being entitled to have 50 per cent. more stock by virtue of his ownership of the hundred shares. Neither Brooks nor Durant thought of any such thing.

Some time after the transfer of the shares to Neilson, Mr. Brooks called on Sidney Dillon, then the president of the Credit Mobilier, and claimed he or Neilson was entitled to fifty additional shares of the stock, by virtue of the purchase of the one hundred shares of Durant.

This was claimed by Mr. Brooks as his right by virtue of the 50

per cent. increase of the stock hereinbefore described. Mr. Dillon said he did not know how that was, but he would consult the leading stock holders, and be governed by them. Mr. Dillon, in order to justify himself in the transaction, got up a paper authorizing the issue of fifty shares of the stock to Mr. Brooks, and procured it to be signed by most of the principal shareholders. After this had been done, an entry of fifty shares was made on the stock-ledger to some person other than Neilson. The name in two places on the book has been erased, and the name of Neilson inserted. The committee are satisfied that the stock was first entered on the books in Mr. Brooks's name.

Mr. Neilson soon after called for the certificate for the fifty shares, and on the 29th of February, 1868, the certificate was issued to him, and the entry on the stock-book was changed to Neilson.

Neilson procured Mr. Dillon to advance the money to pay for the stock, and at the same time delivered to Dillon \$4,000 Union Pacific bonds, and fifty shares of Union Pacific stock as collateral security. These bonds and stock were a portion of dividends received at the time, as he was allowed to receive the same per centage of dividends on these fifty shares that had previously been paid on the hundred. This matter has never been adjusted between Neilson and Dillon. Brooks and Neilson both testify they never paid Dillon. Dillon thinks he has received his pay, as he has not now the collaterals in his possession. If he has been paid it is probable that it was from the collaterals in some form. The subject has never been named between Dillon and Neilson since Dillon advanced the money, and no one connected with the transaction seems able to give any further light upon it. The whole business by which these fifty shares were procured was done by Mr. Brooks. Neilson knew nothing of any right to have them, and only went for the certificate when told to do so by Mr. Brooks.

The committee find that no such right to fifty shares additional stock passed by the transfer of the hundred. And from Mr. Brooks's familiarity with the affairs of the company, the committee believe he must have known his claim to them was unfounded. The question naturally arises, How was he able to procure them? The stock at this time by the stockholders was considered worth three or four times its par value. Neilson sustained no relations to any of these people that commanded any favor, and if he could have used any influence he did not attempt it; if he had this right he was unaware of it till told by Mr. Brooks, and left the whole matter in his hands. It is clear that the shares were procured by the sole efforts of Mr. Brooks, and, as the stockholders who consented to it supposed, for the benefit of Mr. Brooks. What power had Mr. Brooks to enforce an unfounded claim, to have for \$5,000, stock worth \$15,000 or \$20,000? Mr. McComb swears that he heard conversation between Mr. Brooks and Mr. John B. Alley, a large stockholder, and one of the executive committee, in which Mr. Brooks urged that he should have the additional fifty shares, because he was or would procure himself to be made a Government director, and also that, being a member of Congress, he "would take care of the democratic side of the House."

Mr. Brooks and Mr. Alley both deny having had any such conversation, or that Mr. Brooks ever made such a statement to Mr. Alley. If, therefore, this matter rested wholly upon the testimony of Mr. McComb, the committee would not feel justified in finding that Mr. Brooks procured the stock by such use of his official position; but all the circumstances seem to point exactly in that direction, and we can find no other satisfactory solution of the question above propounded. Whatever

claim Mr. Brooks had to stock, either legal or moral, had been adjusted and satisfied by Dr. Durant. Whether he was getting this stock for himself or to give to his son-in-law, we believe, from the circumstances attending the whole transaction, that he obtained it knowing that it was yielded to its official position and influence, and with the intent to secure his favor and influence in such positions. Mr. Brooks claims that he has had no interest in this stock whatever; that the benefit and advantage of his right to have it he gave to Mr. Neilson, his son-in-law, and that he has had all the dividends upon it. The committee are unable to find this to be the case, for in their judgment all the facts and circumstances show Mr. Brooks to be the real and substantial owner, and that Neilson's ownership is merely nominal and colorable.

In June, 1868, there was a cash dividend of \$9,000 upon this one hundred and fifty shares of stock. Neilson received it, of course, as the stock was in his name; but on the same day it was paid over to Mr. Brooks, as Neilson says, to pay so much of the \$10,000 advanced by Mr. Brooks to pay for the stock. This, then, repaid all but \$1,000 of the loan; but Mr. Brooks continued to hold \$16,000 of Union Pacific bonds, which Neilson says he gave him as collateral security, and to draw the interest upon all but \$5,000. The interest upon the others, Neilson says, he was permitted to draw and retain, but at one time in his testimony he spoke of the amount he was allowed as being Christmas and New Year's presents. Neilson says that during the last summer he borrowed \$14,000 of Mr. Brooks, and he now owes Mr. Brooks nearly as much as the collaterals; but, according to his testimony, Mr. Brooks for four years held \$16,000 in bonds as security for \$1,000, and received the interest on \$11,000 of the collaterals. No accounts appear to have been kept between Mr. Brooks and Neilson, and doubtless what sums he has received from Mr. Brooks, out of the dividends, were intended as presents rather than as deliveries of money belonging to him.

Mr. Brooks's efforts procured the stock; his money paid for it; all the cash dividends he has received; and he holds all the bonds, except those Dillon received, which seem to have been applied toward paying for the fifty shares. Without further comment on the evidence, the committee find that the one hundred and fifty shares of stock appearing on the books of the Credit Mobilier in the name of Neilson were really the stock of Mr. Brooks, and subject to his control, and that it was so understood by both the parties. Mr. Brooks had taken such an interest in the Credit Mobilier Company, and was so connected with Dr. Durant, that he must be regarded as having full knowledge of the relations between that company and the railroad company, and of the contracts between them. He must have known the cause of the sudden increase in value of the Credit Mobilier stock, and how the large expected profits were to be made. We have already expressed our views of the propriety of a member of Congress becoming the owner of stock, possessing this knowledge.

But Mr. Brooks was not only a member of Congress, but he was a Government director of the Union Pacific Company. As such it was his duty to guard and watch over the interests of the Government in the road and to see that they were protected and preserved. To insure such faithfulness on the part of Government directors, Congress wisely provided that they should not be stockholders in the road. Mr. Brooks readily saw that, though becoming a stockholder in the Credit Mobilier was not forbidden by the letter of the law, yet it was a violation of its spirit and essence, and therefore had the stock placed in the name of his son-in-law. The transfer of the Oakes Ames contract to the trustees

and the building of the road under that contract, from which the enormous dividends were derived, were all during Mr. Brooks's official life as a Government director, must have been within his knowledge, and yet passed without the slightest opposition from him. The committee believed this could not have been done without an entire disregard of his official obligation and duty, and that while appointed to guard the public interests in the road he joined himself with the promoters of a scheme whereby the Government was to be defrauded, and shared in the spoil.

In the conclusions of fact upon the evidence, the committee are entirely agreed.

In considering what action we ought to recommend to the House upon these facts, the committee encounter a question which has been much debated: Has this House power and jurisdiction to inquire concerning offenses committed by its members prior to their election, and to punish them by censure or expulsion? The committee are unanimous upon the right of jurisdiction of this House over the cases of Mr. Ames and Mr. Brooks, upon the facts found in regard to them. Upon the question of jurisdiction the committee present the following views:

The Constitution, in the fifth section of the first article, defines the power of either House as follows:

"Each House may determine the rules of its proceedings, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member."

It will be observed that there is no qualification of the power, but there is an important qualification of the manner of its exercise—it must be done "with the concurrence of two-thirds."

The close analogy between this power and the power of impeachment is deserving of consideration.

The great purpose of the power of impeachment is to remove an unfit and unworthy incumbent from office, and though a judgment of impeachment may to some extent operate as punishment, that is not its principal object. Members of Congress are not subject to be impeached, but may be expelled, and the principal purpose of expulsion is not as punishment, but to remove a member whose character and conduct show that he is an unfit man to participate in the deliberations and decisions of the body, and whose presence in it tends to bring the body into contempt and disgrace.

In both cases it is a power of purgation and purification to be exercised for the public safety, and, in the case of expulsion, for the protection and character of the House. The Constitution defines the causes of impeachment, to wit, "treason, bribery, or other high crimes and misdemeanors." The office of the power of expulsion is so much the same as that of the power to impeach that we think it may be safely assumed that whatever would be a good cause of impeachment would also be a good cause of expulsion.

It has never been contended that the power to impeach for any of the causes enumerated was intended to be restricted to those which might occur after appointment to a civil office, so that a civil officer who had secretly committed such offense before his appointment should not be subject upon detection and exposure to be convicted and removed from office. Every consideration of justice and sound policy would seem to require that the public interests be secured, and those chosen to be their guardians be free from the pollution of high crimes, no matter at what time that pollution had attached.

If this be so in regard to other civil officers, under institutions which

rest upon the intelligence and virtue of the people, can it well be claimed that the law-making Representative may be vile and criminal with impunity, provided the evidences of his corruption are found to antedate his election?

In the report made to the Senate by John Quincy Adams in December, 1807, upon the case of John Smith, of Ohio, the following language is used: "The power of expelling a member for misconduct results, on the principles of common sense, from the interests of the nation that the high trust of legislation shall be invested in pure hands. When the trust is elective, it is not to be presumed that the constituent body will commit the deposit to the keeping of worthless characters. But when a man whom his fellow-citizens have honored with their confidence on a pledge of a spotless reputation, has degraded himself by the commission of infamous crimes, which become suddenly and unexpectedly revealed to the world, defective indeed would be that institution which should be impotent to discard from its bosom the contagion of such a member; which should have no remedy of amputation to apply until the poison had reached the heart."

The case of Smith was that of a Senator, who, after his election, but not during a session of the Senate, had been involved in the treasonable conspiracy of Aaron Burr. Yet the reasoning is general, and was to antagonize some positions which had been taken in the case of Marshall, a Senator from Kentucky; the Senate in that case having, among other reasons, declined to take jurisdiction of the charge for the reason that the alleged offense had been committed prior to the Senator's election, and was matter cognizable by the criminal courts of Kentucky. None of the commentators upon the Constitution or upon parliamentary law assign any such limitation as to the time of the commission of the offense, or the nature of it, which shall control and limit the power of expulsion. On the contrary, they all assert that the power in its very nature is a discretionary one, to be exercised of course with grave circumspection at all times, and only for good cause. Story, Kent, and Sergeant, all seem to accept and rely upon the exposition of Mr. Adams in the Smith case as sound. May, in his *Parliamentary Practice*, page 59, enumerates the causes for expulsion from Parliament, but he nowhere intimates that the offense must have been committed subsequent to the election.

When it is remembered that the framers of our Constitution were familiar with the parliamentary law of England, and must have had in mind the then recent contest over Wilkes's case, it is impossible to conclude that they meant to limit the discretion of the Houses as to the causes of expulsion. It is a received principle of construction that the Constitution is to be interpreted according to the known rules of law at the time of its adoption, and therefore, when we find them dealing with a recognized subject of legislative authority, and while studiously qualifying and restricting the manner of its exercise, assigning no limitations to the subject-matter itself, they must be assumed to have intended to leave that to be determined according to established principles, as a high prerogative power to be exercised according to the sound discretion of the body. It was not to be apprehended that two-thirds of the Representatives of the people would ever exercise this power in any capricious or arbitrary manner, or trifle with or trample upon constitutional rights. At the same time it could not be foreseen what necessities for self-preservation or self-purification might arise in the legislative body. Therefore it was that they did not, and would not, undertake to limit or define the boundaries of those necessities.

The doctrine that the jurisdiction of the House over its members is

exclusively confined to matters arising subsequent to their election, and that the body is bound to retain the vilest criminal as a member if his criminal secret was kept until his election was secured, has been supposed by many to have been established and declared in the famous case of John Wilkes before alluded to. A short statement of that case will show how fallacious is that supposition. Wilkes had been elected a member of Parliament for Middlesex, and in 1764 was expelled for having published a libel on the ministry. He was again elected and again expelled for a similar offense on the 3d of February, 1769. Being again elected on the 17th of February, 1769, the commons passed the following resolution: "That John Wilkes, esq., having been in this session of Parliament expelled this house, was and is incapable of being elected a member to serve in this present Parliament." Wilkes was again elected, but the House of Commons declared the seat vacant and ordered a new election. At this election Wilkes was again elected by 1,143 votes, against 296 for his competitor, Luttrell.

On the 15th of April, 1769, the house decided that by the previous action Wilkes had become ineligible, and that the votes given for him were void and could not be counted, and gave the seat to Luttrell. Subsequently, in 1783, the House of Commons declared the resolution of February 17, 1769, which had asserted the incapacity of an expelled member to be re-elected to the same Parliament, to be subversive of the rights of the electors, and expunged it from the journal. It will be seen from this concise statement of Wilkes's case that the question was not raised as to the power of the house to expel a member for offenses committed prior to his election; the point decided, and afterward most properly expunged, was that expulsion *per se* rendered the expelled member legally ineligible, and that votes cast for him could not be counted. Wilkes's offense was of purely a political character, not involving moral turpitude; he had attacked the ministry in the press, and the proceedings against him in Parliament were then claimed to be a partisan political persecution, subversive of the rights of the people and of the liberty of the press. These proceedings in Wilkes's case took place during the appearance of the famous Junius letters, and several of them are devoted to the discussion of them. The doctrine that expulsion creates ineligibility was attacked and exposed by him with great force. But he concedes that if the cause of expulsion be one that renders a man unfit and unworthy to be a member, he may be expelled for that cause as often as he shall be elected.

The case of Matteson, in the House of Representatives, has also often been quoted as a precedent for this limitation of jurisdiction. In the proceedings and debates of the House upon that case it will be seen that this was one among many grounds taken in the debate; but as the whole subject was ended by being laid on the table, it is quite impossible to say what was decided by the House. It appeared, however, in that case that the charge against Matteson had become public, and his letter upon which the whole charge rested had been published and circulated through his district during the canvass preceding his election. This fact, we judge, had a most important influence in determining the action of the House in his case.

The committee have no occasion in this report to discuss the question as to the power or duty of the House in a case where a constituency, with a full knowledge of the objectionable character of a man, have selected him to be their Representative. It is hardly a case to be supposed that any constituency, with a full knowledge that a man had been guilty of an offense involving moral turpitude, would elect him

The majority of the committee are not prepared to concede such a man could be forced upon the House, and would not consider the expulsion of such a man any violation of the rights of the electors, for while the electors have rights that should be respected, the House as a body has rights also that should be protected and preserved. But that in such case the judgment of the constituency would be entitled to the greatest consideration, and that this should form an important element in its determination, is readily admitted.

It is universally conceded, as we believe, that the House has ample jurisdiction to punish or expel a member for an offense committed during his term as a member, though committed during a vacation of Congress and in no way connected with his duties as a member. Upon what principle is it that such a jurisdiction can be maintained? It must be upon one or both of the following: that the offense shows him to be an unworthy and improper man to be a member, or that his conduct brings odium and reproach upon the body. But suppose the offense has been committed prior to his election, but comes to light afterward, is the effect upon his own character, or the reproach and disgrace upon the body, if they allow him to remain a member, any the less? We can see no difference in principle in the two cases, and to attempt any would be to create a purely technical and arbitrary distinction, having no just foundation. In our judgment, the time is not at all material, except it be coupled with the further fact that he was re-elected with a knowledge on the part of his constituents of what he had been guilty, and in such event we have given our views of the effect.

It seems to us absurd to say that an election has given a man political absolution for an offense which was unknown to his constituents. If it be urged again, as it has sometimes been, that this view of the power of the House, and the true ground of its proper exercise, may be laid hold of and used improperly, it may be answered that no rule, however narrow and limited, that may be adopted can prevent it. If two-thirds of the House shall see fit to expel a man because they do not like his political or religious principles, or without any reason at all, they have the power, and there is no remedy except by appeal to the people. Such exercise of the power would be wrongful, and violative of the principles of the Constitution, but we see no encouragement of such wrong in the views we hold.

It is the duty of each House to exercise its rightful functions upon appropriate occasions, and to trust that those who come after them will be no less faithful to duty, and no less jealous for the rights of free popular representation than themselves. It will be quite time enough to square other cases with right reason and principle when they arise. Perhaps the best way to prevent them will be to maintain strictly public integrity and public honor in all cases as they present themselves. Nor do we imagine that the people of the United States will charge their servants with invading their privileges when they confine themselves to the preservation of a standard of official integrity which the common instincts of humanity recognize as essential to all social order and good government.

The foregoing are the views which we deem proper to submit upon the general question of the jurisdiction of the House over its members. But apart from these general views, the committee are of opinion that the facts found in the present case amply justify the taking jurisdiction over them, for the following reasons:

The subject-matter upon which the action of members was intended to be influenced was of a continuous character, and was as likely to be

a subject of congressional action in future Congresses as in the Fortieth. The influences brought to bear on members were as likely to be operative upon them in the future as in the present, and were so intended. Mr. Ames and Mr. Brooks have both continued members of the House to the present time, and so have most of the members upon whom these influences were sought to be exerted. The committee are, therefore, of opinion that the acts of these men may properly be treated as offenses against the present House, and so within its jurisdiction upon the most limited rule.

Two members of the committee, Messrs. Niblack and McCrary, prefer to express no opinion on the general jurisdictional questions discussed in the report, and rest their judgment wholly on the ground last stated.

In relation to Mr. Ames, he sold to several members of Congress stock of the Credit Mobilier Company, at par, when it was worth double that amount or more, with the purpose and intent thereby to influence their votes and decisions upon matters to come before Congress.

The facts found in the report as to Mr. Brooks, show that he used the influence of his official positions as member of Congress and Government director in the Union Pacific Railroad Company, to get fifty shares of the stock of the Credit Mobilier Company, at par, when it was worth three or four times that sum, knowing that it was given to him with intent to influence his votes and decisions in Congress, and his action as a Government director.

The sixth section of the act of February 26, 1853, 10 Stat. United States, 171, is in the following words:

"If any person or persons shall, directly or indirectly, promise, offer, or give, or cause or procure to be promised, offered, or given, any money, goods, right in action, bribe, present, or reward, or any promise, contract, undertaking, obligation, or security for the payment or delivery of any money, goods, right in action, bribe, present, or reward, or any other valuable thing whatever, to any member of the Senate or House of Representatives of the United States, after his election as such member, and either before or after he shall have qualified and taken his seat, or to any officer of the United States, or person holding any place of trust or profit, or discharging any official function under or in connection with any Department of the Government of the United States, or under the Senate or House of Representatives of the United States, after the passage of this act, with intent to influence his vote or decision on any question, matter, cause, or proceeding which may then be pending, or may by law, or under the Constitution of the United States, be brought before him in his official capacity, or in his place of trust or profit, and shall thereof be convicted, such person or persons so offering, promising, or giving, or causing or procuring to be promised, offered, or given, any such money, goods, right in action, bribe, present, or reward, or any promise, contract, undertaking, obligation, or security for the payment or delivery of any money, goods, right in action, bribe, present, or reward, or other valuable thing whatever, and the member, officer, or person who shall in anywise accept or receive the same, or any part thereof, shall be liable to indictment as for a high crime and misdemeanor in any of the courts of the United States having jurisdiction for the trial of crimes and misdemeanors; and shall, upon conviction thereof, be fined not exceeding three times the amount so offered, promised, or given, and imprisoned in the penitentiary not exceeding three years; and the person so convicted of so accepting or receiving the same, or any part thereof, if an officer or person holding

any such place of trust or profit as aforesaid, shall forfeit his office or place; and any person so convicted under this section shall forever be disqualified to hold any office of honor, trust, or profit under the United States."

In the judgment of the committee, the facts reported in regard to Mr. Ames and Mr. Brooks would have justified their conviction under the above-recited statute and subjected them to the penalties therein provided.

The committee need not enlarge upon the dangerous character of these offenses. The sense of Congress is shown by the severe penalty denounced by the statute itself. The offenses were not violations of private rights, but were against the very life of a constitutional Government by poisoning the fountain of legislation.

The duty devolved upon the committee has been of a most painful and delicate character. They have performed it to the best of their ability. They have proceeded with the greatest care and deliberation, for while they desired to do their full duty to the House and the country, they were most anxious not to do injustice to any man. In forming their conclusions they have intended to be entirely cool and dispassionate, not to allow themselves to be swayed by any popular fervor on the one hand, or any feeling of personal favor and sympathy on the other.

The committee submit to the House and recommend the adoption of the following resolutions:

1. Whereas Mr. Oakes Ames, a Representative in this House from the State of Massachusetts, has been guilty of selling to members of Congress shares of stock in the Credit Mobilier of America, for prices much below the true value of such stock, with intent thereby to influence the votes and decisions of such members in matters to be brought before Congress for action: Therefore,

Resolved, That Mr. Oakes Ames be, and he is hereby, expelled from his seat as a member of this House.

2. Whereas Mr. James Brooks, a Representative in this House from the State of New York, did procure the Credit Mobilier Company to issue and deliver to Charles H. Neilson, for the use and benefit of said Brooks, fifty shares of the stock of said company, at a price much below its real value, well knowing that the same was so issued and delivered with intent to influence the votes and decisions of said Brooks, as a member of the House, in matters to be brought before Congress for action, and also to influence the action of said Brooks as a Government director in the Union Pacific Railroad Company: Therefore,

Resolved, That Mr. James Brooks be, and he is hereby, expelled from his seat as a member of this House.

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ANNUAL REPORT

ON THE

STATE OF THE FINANCES

TO THE

FORTY-THIRD CONGRESS, FIRST SESSION,

DECEMBER 1, 1873,

BY

WILLIAM A. RICHARDSON,

SECRETARY OF THE TREASURY.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1873.

REPORT.

TREASURY DEPARTMENT,
Washington, D. C., December 1, 1873.

SIR: In compliance with the provisions of law, I have the honor to submit to Congress the following report:

RECEIPTS, &c., FOR FISCAL YEAR ENDING JUNE 30, 1873.

The moneys received and covered into the Treasury during the fiscal year ended June 30, 1873, were—

From customs.....	\$188,089,522 70
From internal revenue.....	113,729,314 14
From sales of public lands.....	2,882,312 38
From tax on circulation and deposits of national banks.....	6,830,037 67
From repayment of interest by Pacific Railway Companies.....	514,206 04
From customs' fines, penalties, &c.; labor, drayage, storage, &c.....	1,966,469 36
From sales of Indian trust lands.....	818,246 58
From fees, (consular,) letters patent, homestead, &c.....	1,877,221 67
From proceeds of sales of Government property.....	1,637,283 15
From marine-hospital tax.....	333,003 03
From steamboat fees.....	259,092 56
From direct tax.....	315,254 51
From profits on coinage.....	489,134 62
From tax on seal-skins.....	252,181 12
From miscellaneous sources.....	2,184,394 25
Total ordinary receipts.....	322,177,673 78
Premium on sales of coin.....	11,560,530 89
Total net receipts.....	333,738,204 67
Balance in Treasury June 30, 1872, including \$3,047 80 received from "unavailable".....	106,567,404 74
Total available cash.....	440,305,609 41

The net expenditures by warrants during the same period were—

For civil expenses.....	\$19,348,521 01
For foreign intercourse.....	1,571,362 85
For Indians.....	7,951,704 88
For pensions.....	29,359,426 86
For military establishment, including fortifications, river and harbor improvements, and arsenals.....	46,323,138 31
For naval establishment, including vessels and ma- chinery, and improvements at navy yards.....	23,526,256 79
For miscellaneous, civil, including public buildings, light-houses, and collecting the revenue.....	52,408,226 20
For interest on the public debt.....	104,750,688 44
For premium on bonds purchased.....	5,105,919 99

Total, exclusive of the public debt.....	290,345,245 33
Redemption of the principal of the debt, exclusive of the certificates of deposit issued under act of June 8, 1872, for the redemption of which a like amount of United States notes was set apart and held as a special deposit.....	\$50,498,335 58
Outstanding certificates of deposit mentioned above, added to the prin- cipal of the debt and to the cash balance in the Treasury.....	31,730,000 00

Leaving net disbursements on account of loans.....	18,768,335 58
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309,113,580 91

Balance in the Treasury June 30, 1873. \$99,462,028 50

To which add special deposit of legal-
tender notes for redemption of cer-
tificates of deposit, added above... 31,730,000 00

Total cash balance July 1, 1873..... 131,192,028 50

Total..... 440,305,609 41

By the foregoing statement it will be seen that the

net revenues for the fiscal year were.....	\$333,738,204 67
And the ordinary expenses.....	290,345,245 33

Leaving a surplus revenue of..... 43,392,959 34

Which has been applied to the reduction of the debt, as follows:

Reduction of principal account, exclusive of certificates of deposit.....	\$50, 498, 335 58
Decrease of cash in the Treasury, exclusive of special deposit of United States notes for redemption of certificates of deposit, as compared with June 30, 1872.....	7, 105, 376 24
Reduction in debt.....	<u>43, 392, 959 34</u>

This statement treats solely of the principal of the debt. By the monthly debt statement of the public debt, into which enter the accrued interest, interest due and unpaid, and the cash in the Treasury, as ascertained on the day of publication, as well as the principal of the debt, the reduction of the debt during the past year amounted to \$43,667,630 05; and the total reduction from March 1, 1869, to November 1, 1873, has been \$383,629,783 39, the annual saving of interest resulting therefrom being \$27,432,932 04.

RECEIPTS, &c., FOR FIRST QUARTER OF FISCAL YEAR ENDING JUNE 30,
1874.

The receipts during the first quarter of the current fiscal year were—

From customs.....	\$49, 195, 403 68
From sales of public lands.....	573, 768 07
From internal revenue.....	25, 640, 454 41
From tax on circulation, &c., of national banks.....	3, 490, 743 66
From repayment of interest by Pacific Railways....	198, 970 56
From customs' fines, &c.....	438, 514 21
From consular, patent, and other fees.....	503. 941 12
From proceeds of Government property.....	303, 765 32
From miscellaneous sources.....	<u>1, 507, 931 21</u>
Net ordinary receipts.....	81, 853, 492 24
From premium on sales of coin.....	2, 350, 818 34
From Government of Great Britain—payment of the award of the tribunal of arbitration at Geneva....	<u>15, 500, 000 00</u>
Total receipts.....	99, 704, 310 58
Balance in Treasury June 30, 1873.....	<u>131, 192, 028 50</u>
Total available.....	<u>230, 896, 339 08</u>

The expenditures during the same period were as follows :

For civil and miscellaneous expenses, including public buildings, light-houses, and collecting the revenues	\$17,372,293 60
For Indians.....	2,008,715 19
For pensions.....	8,698,156 58
For military establishment, including fortifications, river and harbor improvements, and arsenals.....	13,795,053 48
For naval establishment, including vessels and machinery and improvements at navy yards.....	9,792,451 57
For interest on the public debt, including Pacific Railway bonds.....	37,051,907 79
<hr/>	
Total, exclusive of the principal and premium on public debt.....	88,718,578 21
Premium on purchased bonds.....	\$1,301,946 78
Award by Geneva tribunal, investment account.....	15,500,000 00
Net redemption of the public debt....	32,986,828 91
	<hr/>
	49,788,775 69
<hr/>	
Total net expenditures.....	138,507,353 90
Balance in Treasury September 30, 1873.....	92,388,985 18
<hr/>	
Total.....	230,896,339 08
<hr/>	

Owing to the large proportion of the interest on the public debt maturing July 1, the amount paid out on that account during the first quarter of the year is more than half as much as will be required for the next nine months, and although it enters into the expenses of this quarter, it is properly chargeable to a longer period of time. Many other expenditures are greater also during the first than any subsequent quarter, by reason of the necessity of supplying disbursing officers with money under new appropriations which became available on the first of July.

For the remaining three-quarters of the current fiscal year it is estimated that the receipts will be—

From customs.....	\$111,000,000 00
From sales of public lands.....	1,500,000 00
From internal revenue.....	66,000,000 00
From tax on national banks.....	3,200,000 00
From Pacific railways.....	300,000 00
From customs' fines, &c.....	800,000 00

From consular, patent, and other fees.....	\$1,300,000 00
From sales of public property.....	1,000,000 00
From miscellaneous sources.....	2,000,000 00
Total.....	<u>187,100,000 00</u>

For the same period it is estimated that the expenditures will be—

For civil expenses.....	\$15,250,000 00
For foreign intercourse.....	1,100,000 00
For Indians.....	6,500,000 00
For pensions.....	21,780,000 00
For military establishment.....	34,000,000 00
For naval establishment.....	18,000,000 00
For miscellaneous, civil, including public buildings..	34,000,000 00
For interest on the public debt.....	70,000,000 00
Total.....	<u>200,630,000 00</u>

This will leave a deficiency in the revenues of \$13,530,000.

ESTIMATES FOR FISCAL YEAR ENDING JUNE 30, 1875.

It is estimated that the receipts for the fiscal year ending June 30, 1875, will be—

From customs.....	\$180,000,000 00
From sales of public lands.....	2,500,000 00
From internal revenue.....	108,000,000 00
From tax on national banks.....	6,200,000 00
From Pacific railways.....	500,000 00
From customs' fines, &c.....	1,500,000 00
From consular, patent, and other fees.....	1,500,000 00
From sales of public property.....	1,500,000 00
From miscellaneous sources.....	4,000,000 00
Total.....	<u>305,700,000 00</u>

It is estimated that the expenditures for the same period will be—

For civil expenses.....	\$19,500,000 00
For foreign intercourse.....	3,350,000 00
For Indians.....	7,000,000 00
For pensions.....	30,480,000 00
For military establishment, including fortifications, river and harbor improvements, and arsenals....	50,000,000 00

VIII REPORT OF THE SECRETARY OF THE TREASURY.

For naval establishment, including vessels and machinery and improvements at navy yards	\$23,000,000 00
For miscellaneous, civil, including public buildings, light-houses, and collecting the revenues.....	54,067,144 00
For interest on the public debt.....	98,000,000 00
For interest on Pacific Railway bonds.....	3,875,000 00
For sinking fund.....	29,918,856 00
Total.....	<u>319,191,000 00</u>

The estimates received from the several Executive Departments are as follows:

Legislative	\$3,961,405 62
Executive ..	17,895,674 90
Judicial	3,409,750 00
Foreign intercourse.....	3,347,304 00
Military	34,881,618 10
Naval	19,251,935 86
Indians.....	6,765,779 61
Pensions	30,480,000 00
Public works.....	33,168,287 10
Postal service.....	6,811,363 00
Miscellaneous ..	10,704,381 42
Permanent	16,926,890 49
Interest on public debt.....	97,798,080 00
Interest on Pacific Railway bonds.....	3,877,410 72
Sinking fund.....	29,918,856 00
Total.....	<u>319,198,736 82</u>

The book of estimates, now ready to be laid before Congress, thoroughly prepared under the immediate supervision of Mr. C. F. Conant, chief of the warrant division of the Secretary's office, whose watchful care, industry, and judgment have made it a work of great accuracy, will prove to be of the utmost convenience to committees and members.

The several tables which form part of this report furnish details of the accounts of the Department.

THE REVENUES AND ESTIMATES.

On account of the alterations in the tariff laws, effected by the acts of May 1 and June 6, 1872, adding tea and coffee and other articles to the free list, and the reduction of duties on other merchandise, as well as

by the removal of a considerable amount of internal revenue taxation, the receipts have fallen off for the year ending June 30, 1873, much below those of previous years, as was anticipated.

Since the close of that year the recent severe financial and commercial crisis has caused an additional and unexpected diminution in the revenues during part of September and the whole of October and November.

But it is gratifying to find that, in this period of the greatest commercial embarrassment, the receipts in coin from customs have been greater than the proportionate amount required for the same period to meet the interest on the public debt and all other expenditures which are payable in coin.

For the remainder of the year the currency payments will be much larger than the ordinary currency receipts without the sale of gold. The revenues have already fallen off sufficiently to make it important and necessary to exercise the greatest economy in appropriations and expenditures for the future. And should there not be a revival of business at an early day, and an increase in the receipts over those of the past two and a half months, additional means will be required to meet expenses. Should such be the case, I recommend additional taxation, judiciously laid, so as to be the least burdensome upon the people and the business of the country, rather than a resort to borrowing money and increasing the public debt.

In the estimates for the next nine months, as well as for the next fiscal year, the probable effect of the financial and business derangement has been somewhat taken into account; but, as it is yet too early to determine its full effect upon the future revenues, or to estimate when and to what extent they will be restored to their former amounts, these estimates are subject to future contingencies, which, during the next few months, Congress will be better able to take into account and to judge of than it is possible to do at this time.

In any event, I earnestly commend every reduction in the appropriations which may be found possible, to the end that the economy which the people, suffering under the present embarrassment in business, are everywhere disposed to make, may be shared and encouraged by the Government through their public servants.

REFUNDING THE PUBLIC DEBT.

Under arrangements made by my immediate predecessor in January last, the refunding of the public debt has been successfully continued, and is still progressing in precisely the same manner as previous

negotiations were conducted. Subscriptions have been made to the new five per cent. funded loan to the extent of eighty-four and a half million dollars, and the proceeds are applied, as fast as subscriptions mature, to the redemption of an equal amount of five-twenty bonds bearing six per cent. interest.

In addition to that amount, the fifteen and a half million dollars received from Great Britain in payment of the Geneva award, under the first article of the Treaty of Washington, have been used to redeem so far the outstanding public debt bearing six per cent. interest, and an amount equal to the debt so redeemed has been invested in five per cent. bonds of the funded loan, and a registered bond therefor has been issued to the Secretary of State, in trust, to be held subject to the future disposition of Congress, according to the provisions of the act of March 3, 1873.

When the subscriptions above mentioned shall have matured there will have been thus effected since January last a conversion of the debt bearing six per cent. interest into the new five per cent. loan, one hundred million dollars, making an annual saving of interest to the amount of one million dollars. And the whole amount converted into this loan since the passage of the refunding act will be three hundred million dollars, reducing the annual interest charge three million dollars.

The credit of the United States has not stood higher since the close of the rebellion than it does at the present time, and it is believed that the refunding of the six per cent. debt at a lower rate of interest can be still further continued.

LOAN OF 1858.

Under the provisions of the act of June 14, 1858, as amended by the act of March 3, 1859, (chap. 82, sec. 6,) the then Secretary of the Treasury contracted a loan of twenty million dollars, for part of which registered bonds were issued "redeemable at the pleasure of the United States at any time after the expiration of fifteen years after the 1st of January, 1859;" and for the balance, and much larger part, coupon bonds were issued "payable at any time after the 1st day of January, 1874, on presentation and surrender of the certificate at the Treasury of the United States."

It will be perceived that the two classes of bonds differ materially in phraseology as to the option of payment after January 1, 1874, but I am unable to discover, either from the act itself or from the records of the Department, that any difference in the contracts was intended, and

it is presumed that the variation in language of the two classes of bonds was wholly accidental. Since the passage of the act of June 30, 1864, authorizing the Secretary of the Treasury to issue registered bonds of any loan in exchange for coupon bonds of the same loan, the coupon bonds of this loan to the amount of about four million dollars have been exchanged into the registered bonds, and the amount of each class now outstanding is \$6,255,000 registered, and \$13,745,000 coupon.

It is understood that some holders of the coupon bonds have regarded them as payable on the first of January next or at any time after that date, at their option. Applications have been made to the Department for the privilege of exchanging coupon bonds for five per cent. bonds of the funded loan, which exchange the Secretary of the Treasury has now no authority to permit.

No appropriation has been made, either in the act authorizing the loan or in any subsequent act, for the payment of the principal, and no provision of law exists for determining the pleasure of the United States as to the time of payment of either class of bonds.

The attention of Congress is thus called to this loan with the recommendation that such action in relation thereto may be taken, before the 1st day of January next, as Congress may deem wise and just.

THE BANKS, THE FINANCIAL CRISIS, AND THE CURRENCY.

The prevailing practice, not only of national banks, but of State banks and private bankers, of paying interest on deposits attracts currency from all parts of the country to the large cities, and especially to New York, the great financial centre. At seasons of the year when there is comparatively little use for currency elsewhere, immense balances accumulate in New York, where, not being required by the demands of legitimate and ordinary business, they are loaned on call at a higher rate of interest than that paid to depositors and are used in speculation.

Every year, at the season when the demand sets in from the West and South for currency to be used in payment for and transportation of their agricultural products, there occurs a stringency in the money market arising from the calling in of such loans to meet this demand.

Until this year, though annually creating some embarrassment, this demand has been met without serious difficulty.

During the past summer, anticipating the usual autumn stringency, the Treasury Department sold gold while the market price was high, currency abundant, and bonds for sale in the market were scarce,

and while there was a surplus of gold in the Treasury, and thereby accumulated about fourteen million dollars of currency with the view of using the same or such part thereof as might be necessary in the purchase of bonds for the sinking fund at times during the autumn and winter when they could be bought at a price not above par in gold, or in meeting demands upon the Treasury, as circumstances should require.

This year there was a great demand for currency to pay for the heavy crops of a bountiful harvest, for which the European countries offered a ready market. The suspension of certain large banking houses, the first of which occurred on the 18th day of September, alarmed the people as to the safety of banks and banking institutions in general. Suddenly there began a rapid calling in of demand loans and a very general run on the banks for the withdrawal of deposits. Entire confidence was manifested in United States notes and even in national-bank notes, and they were drawn wherever they could be obtained and were largely hoarded with as much avidity as coin was ever hoarded in times of financial distress when that was the circulating medium of the country. The banks found themselves unable to meet the demands upon them, currency in circulation became exceedingly scarce, and the business of the country became greatly embarrassed.

In this condition of things, great pressure was brought to bear upon the Treasury Department to afford relief by the issue of United States notes. The first application came from a number of gentlemen in New York, suggesting that no measure of relief would be adequate that did not place at the service of the banks of that city twenty millions of dollars in United States notes, and asking that the assistant treasurer at New York should be authorized to issue to those banks that amount of notes as a loan upon a pledge of clearing-house certificates secured by ample collaterals, and for which certificates all the banks were to be jointly and severally responsible. This proposition was declined, it being clearly not within the duty or the authority of the Treasury Department, under any provisions of law, thus to employ the public money.

Exchange on Europe having fallen to unusually low rates, and indeed having become almost unsaleable in the market, to the embarrassment of our foreign and domestic trade, applications were made to the Secretary of the Treasury to use the money in the Treasury in the purchase of exchange. The Treasury Department having no occasion to do this for its own use, and no necessity for transferring funds to Europe, was compelled to decline this proposition, which, if accepted,

would have put the Department in the position of becoming a dealer in exchange, a position clearly inconsistent with its duties.

Subsequently the New York Produce Exchange made a proposition to accomplish the same result in a different form, and also requested, as others had before, that the Secretary should pay at once the twenty-million loan of 1858, to which the following reply was made:

TREASURY DEPARTMENT,
Washington, September 30, 1873.

SIR: Your letter of the 29th inst., covering two resolutions of the New York Produce Exchange, has been received and the subject-matter fully considered.

The resolutions are as follows:

"WHEREAS the critical condition of the commercial interests of the country requires immediate relief by the removal of the block in negotiating foreign exchange; therefore be it

Resolved, That we respectfully suggest to the Secretary of the Treasury the following plans for relief in this extraordinary emergency:

First. That currency be immediately issued to banks or bankers, upon satisfactory evidence that gold has been placed upon special deposit in the Bank of England, by their correspondents in London, to the credit of the United States, to be used solely in purchasing commercial bills of exchange.

Second. That the President of the United States and the Secretary of the Treasury are respectfully requested to order the immediate prepayment of the outstanding loan of the United States due January 1, 1874."

While the Government is desirous of doing all in its power to relieve the present unsettled condition of business affairs—as has already been announced by the President—it is constrained, in all its acts, to keep within the letter and spirit of the laws, which the officers of the Government are sworn to support, and they cannot go beyond the authority which Congress has conferred upon them. Your first resolution presents difficulties which cannot be overcome. It is not supposed that you desire to exchange coin in England for United States notes in New York at par. If your proposition is for the Government to purchase gold in England, to be paid for in United States notes at the current market rate in New York, it would involve the Government in the business of importing and speculating in gold, since the Treasury has no use for coin beyond its ordinary receipts, and would be obliged to sell the coin so purchased at a price greater or less than was paid for it. If your object is to induce the Treasury Department to loan United States notes to banks in New York upon the pledge and deposit in London of gold, it is asking the Secretary of the Treasury to loan the money of the United States upon collateral security for which there is no authority in law. If the Secretary of the Treasury can loan notes upon a pledge of coin he can loan them upon a pledge of other property in his discretion, as he has recently been requested to do, which would be an extraordinary power as well as a most dangerous business to engage in, and which my judgment would deter me from undertaking, as the Secretary of the Treasury, even if by any stretch of construction I might not find it absolutely prohibited by law. The objections already

mentioned to your first resolution are so insuperable and conclusive that it is unnecessary for me to refer to the many practical difficulties which would arise if an attempt should be made to comply with your request. Your second resolution calls for the payment at once of the loan of 1858, or the bonds commonly called "Fives of 1874." Upon a thorough investigation I am of opinion that Congress has not conferred upon the Secretary of the Treasury power to comply with your request in that particular, and in this opinion the law officers of the Government concur. Under these circumstances you will perceive that, while I have great respect for the gentlemen comprising the New York Produce Exchange, I am compelled, by my views of the law and of my duty, to respectfully decline to adopt the measure which your resolutions propose.

I have the honor to be, very respectfully,

WM. A. RICHARDSON,
Secretary of the Treasury.

The Chamber of Commerce of Charleston, South Carolina, petitioned for the transfer of currency to that city, and the purchase with it, at that point, of exchange on New York, to aid those engaged in forwarding the cotton crop to the market. The following letter was sent in answer to this petition:

TREASURY DEPARTMENT,
October 3, 1873.

SAMUEL Y. TUPPER, Esq.,

President Chamber of Commerce, Charleston, S. C. :

I have the honor to acknowledge the receipt of the memorial of the Charleston, South Carolina, Chamber of Commerce, addressed to the President of the United States, and referred to this Department, which, after reciting the present stringency in the money market and the difficulty of obtaining currency, requests "that the sum of five hundred thousand dollars be placed and maintained on deposit with the assistant treasurer at Charleston, to be used by him in the purchase of New York exchange from the banks."

To comply with the request it would be necessary for the Treasury Department to send currency by express to Charleston from time to time, and to buy with it exchange on New York in competition with private bankers.

Should this request be granted a hundred other places in the country might, with equal propriety, ask for the same relief, and if all such requests were impartially granted, the Department would find itself engaged in an extensive exchange business, fixing and regulating the rate of exchange between different places in the country, and the public money, raised by taxation only for the purpose of carrying on the Government, would be employed to a very large amount in a business which Congress has not given the Secretary of the Treasury any authority to engage in.

With a due regard to the proper management of the Treasury Department, within the provisions of law, I have felt it to be my duty to decline all similar propositions from other places, and your request must, therefore, receive the same response.

I have the honor to be, very respectfully, yours,

WM. A. RICHARDSON,
Secretary of the Treasury.

The Executive Department of the Government was anxious to do everything in its power, under the law, and with due regard to the protection of the Treasury and the maintenance of public credit, to allay the panic and to prevent disaster to the legitimate commercial and industrial interests of the country; but it was found impossible to afford the relief in any of the many forms in which that relief was asked. It was decided, therefore, to adopt the only practicable course which seemed to be open to it, the purchase of bonds for the sinking fund to such an extent as the condition of the Treasury would allow, and thus release a considerable amount of currency from its vaults. Purchases of bonds were commenced on the morning of the 20th of September, and were continued until the 24th, when it became evident that the amount offering for purchase was increasing to an extent beyond the power of the Treasury to accept, and the purchasing was closed after bonds to the amount of about thirteen million dollars had been bought, and without the use of any part of the forty-four millions of United States notes, generally known as the reserve.

It should be stated that in the excitement there were many persons in the city of New York who insisted with great earnestness that it was the duty of the Executive to disregard any and all laws which stood in the way of affording the relief suggested by them—a proposition which indicates the state of feeling and the excitement under which applications were made to the Secretary of the Treasury to use the public money, and which, it is scarcely necessary to add, could not be entertained by the officers of the Government to whom it was addressed.

These facts are recited in order to lay before Congress, and place on record in a concise form, exactly what the Treasury Department was asked to do, and what it did, in the late financial crisis.

The currency paid out of the Treasury for bonds did much to strengthen many savings banks, and to prevent a panic among their numerous depositors, who began to be alarmed, and had there developed an extended run upon those useful institutions, it would inevitably have caused widespread disaster and distress. It also fortified other banks, and checked the general alarm to some extent. But the loss of confidence in the value of a great amount of corporate property which immediately followed the failure of banking houses connected with largely-indebted corporations, the distrust of the solvency of many other institutions, the doubt as to the credit of firms and individuals whose business was supposed to be greatly extended, and the legitimate effect thereof in disturbing the business of the country,

could not be avoided by any amount of currency which might be added to the circulation already existing.

Confidence was to be entirely restored only by the slow and cautious process of gaining a better knowledge of true values and making investments accordingly, and by conducting business on a firmer basis, with less inflation and more regard to real soundness and intrinsic values.

There can be no doubt that the practice by banks of allowing interest on deposits payable on demand is pernicious, and fraught with danger and embarrassment to borrower and lender, as well as to the general business interests.

Deposits payable on demand should be limited to that surplus which individuals require over and above their investments, and no part of that from which they expect an income. Such deposits are comparatively stable in average amount, and constitute a healthy basis for banking purposes within proper limits, which prudent bankers know how to determine.

But if deposit accounts are employed as temporary investments, the interest attracts a large amount of money to those cities where such interest is paid, and where speculation is most active, at seasons when as much profit thereon cannot be secured elsewhere. With the first return of activity in legitimate business these temporary investments are called in, and jeopardize in their sudden withdrawal the whole business of the banks, both affecting the legitimate depositors on the one hand by excitement and distrust, and on the other creating a condition of things in which the borrowers on call are also unable to respond. The banks have borrowed their money of depositors on call. They have loaned it on call to speculators, who by its use have contributed to inflate the prices of the stocks or merchandise which have been the subject of their speculations. The speculator wants it to carry the stocks till he can dispose of them without a loss. This he is unable to do in a stringent money market. The banks, their depositors, and the borrowers, all want it at the same time, and of course a stringency is developed which spreads distress throughout the country.

The system creates immense amount of debts payable on demand, all of which thus suddenly and unexpectedly mature at the first shock of financial or commercial embarrassment in the country, and at the very time when most needed by debtors and when they are least able to respond.

There is no safety for corporations or individuals whose capital employed is wholly or mostly borrowed on call. Many savings banks

were protected from ruin in the recent financial excitement by availing themselves of provisions in their rules requiring sixty days or other periods of notice before paying depositors, thus making all their deposits payable on time. Every cautious and well-managed savings institution has such a rule among its by-laws.

Without attributing the stringency in the money market, which is experienced every autumn and occasionally at other seasons of the year, solely to this practice of paying interest upon deposits in the large cities, it is evident that, when money is less needed in legitimate business, the practice encourages overtrading and speculation, always detrimental to the best interests of the country, and the bad effects of which upon those interests become more apparent, and the disaster more widespread, when the necessary contraction begins to be felt.

I recommend that national banks be prevented from paying interest on deposits, or that they be restricted and limited therein, either by direct prohibition, by discriminating taxation, or otherwise.

While legislation by Congress cannot prevent State banks and private bankers from continuing the practice, it can prevent national banks from becoming involved in, and instrumental in producing, the embarrassments and difficulties to which it necessarily leads.

The national banks, organized by law of Congress and having relations with the Government in the issue of circulating notes, ought to be the most cautious and safe banking institutions of the country, and should be kept aloof from all hazardous business which it is not possible to prevent sanguine, venturesome, and speculative individuals from engaging in, at the risk of their capital and their credit.

With a fixed amount of circulation of bank notes and of United States legal-tender notes not redeemable in coin, and with gold above par in currency, there must be each year times of redundancy and times of scarcity of currency, depending wholly on the demand, no method existing for increasing the supply.

With a circulating medium redeemable in coin, a redundancy is corrected by the export, and a scarcity by the import of specie from other countries.

There is a prevailing sentiment that more elasticity should be given to the volume of the currency, so that the amount in circulation might increase and diminish according to the necessities of the business of the country. But the difference of opinion on this subject is so great, and the real difficulties attending its solution are so numerous, that, without discussing any of the multitude of plans which have been presented to the public through the press and otherwise, I earnestly com-

mend to the wisdom of Congress a careful and thorough consideration of this important subject, rendered more obviously important by the present embarrassed condition of large business interests which have suffered by the recent financial crisis; and that, in such inquiry, avoiding further inflation of the issue of irredeemable legal-tender notes, the most desirable of all financial results to be attained, namely, a permanent return to the sound basis of specie payments, and a gold standard to which all our paper issues shall be made of equal value, shall be the aim.

To allow national banks to use part of their reserves at seasons of the greatest pressure, under proper restrictions and regulations, would afford some flexibility.

Rigid statute laws applied to all banks, at all seasons, and in all places alike, often prove an embarrassment and injury when they conflict with economic principles and the laws of trade and business, which are stronger than legislative enactments, and cannot be overthrown thereby. Associated banks at the several redemption cities named in the banking law, which are the great controlling centres of business, might do much to give steadiness and safety, if they were authorized, through properly constituted boards or committees of their own officers, to exercise a large discretion in the use of their reserves, in the rate of interest to be charged at different seasons and under different circumstances, and in other matters, within limits prescribed by law.

Should it be deemed necessary or expedient to temporarily enlarge the paper-money circulation in cases of great emergency, provision may be made to permit the national banks, under certain circumstances and to a limited extent, to increase their note circulation by a pledge of United States bonds, bearing no interest while so pledged, or subjecting the banks to special taxation upon the circulating notes obtained thereon, or upon such other terms that it would be for their interest to recall the notes and redeem the bonds at the earliest possible day after the pressure and their necessities should have ceased.

But any large augmentation of the issue of United States legal-tender notes in time of peace would not only be a departure from that "declaration of public policy and pledge of the public faith to the national creditors," made in the act of June 30, 1864, that the total amount of such notes shall never exceed four hundred million dollars, as well as from that more solemn pledge contained in the first act of the Forty-first Congress, "to make provision at the earliest practicable period for the redemption of United States notes in coin," but would

postpone the day of specie payments and render it more difficult to attain in the distant future, unsettle confidence in our national finances, and be a serious detriment to public credit at home and abroad.

There can be no doubt that during the eight years since the rebellion there has been a growing desire among the people to restore the paper circulation to a specie standard, and that any steps taken to accomplish that object will be received with general favor.

It is not possible to resume and maintain specie payments with so large an amount of notes in circulation, and so small an amount of gold in the country. The volume of currency must be reduced or that of coin greatly increased. Should the national banks be prohibited from selling the coin received by them as interest upon bonds pledged to secure circulation, retaining the same in whole or in part in reserve, or loaning it in the discount of bills and notes payable in coin, as Congress might prescribe, there would be a gradual accumulation of gold in the banks, which would do something towards preparing for resumption. This, with a constant increase of coin in the Treasury, undertaken with the approval of Congress, would ere long lead to the desired result, when other conditions required for the maintenance of specie payments should become favorable.

The acts of Congress of February 25, 1862, July 11, 1862, and March 3, 1863, together authorize the issue of four hundred million dollars of United States notes, in addition to fifty million dollars of such notes reserved for the purpose of securing prompt payment of temporary-loan deposits, and the act of June 30, 1864, contains these words: "nor shall the total amount of United States notes issued, or to be issued, ever exceed four hundred millions of dollars, and such additional sum not exceeding fifty millions of dollars, as may be temporarily required for the redemption of temporary loan."

The temporary loans referred to in the foregoing acts having been redeemed, the maximum amount of United States notes which, under existing laws, can now or hereafter be issued, is four hundred million dollars.

Between the 31st of August, 1865, when the amount of United States notes outstanding was at its highest point, and the 4th of February, 1868, there was a gradual contraction of the amount in actual circulation, limited by the act of February 12, 1866, to not more than ten million dollars within the then next six months, and thereafter not more than four million dollars in any one month. On the 4th of February, 1868, Congress passed an act suspending further reduction of the currency, when the amount outstanding was three hundred and fifty-six

million dollars, and that sum is now the minimum limit of issue. But the law authorizing the issue of the maximum of four hundred million dollars has never been repealed, and has uniformly been held by the Treasury Department and the law officers thereof to be in full force. In view of the uncertainty which exists in public sentiment as to the right of the Secretary of the Treasury to issue United States notes in excess of the minimum, and the conflict of opinion as to the policy of doing so, conceding that he has that right under the law, I respectfully recommend that Congress shall set these questions at rest by a distinct enactment.

Until that is done, whenever there is a stringency in the money market there will continue to be a pressure upon the Treasury Department, by those who favor a policy of expansion, to increase the issue of notes to the maximum, by the purchase of bonds or otherwise; while, on the other hand, those who conceive that the public interests will be better served thereby will bring equal pressure to keep the issue down to the minimum.

Assuming that it is the settled policy of Congress, as declared in the act of June 30, 1864, above cited, that the total amount of United States notes, *issued and to be issued*, shall never exceed four hundred million dollars, I am of opinion that it would be unwise to *require* the amount in actual circulation to be kept up to the maximum or to any amount above the present minimum. The Treasury, depending principally upon the receipts from customs and internal taxation, without the power of borrowing or otherwise increasing its resources, with liabilities created by congressional appropriations which must be met in currency to the extent of nearly two hundred million dollars a year, ought always to have a large reserve upon which it can draw to meet the ordinary demands upon it in case of emergencies, when the revenues suddenly and unexpectedly diminish by reason of a national calamity or financial derangement, which from time to time are liable to occur in all nations.

Such a reserve is also rendered necessary by the fact that the fractional currency authorized to be issued to the amount of fifty million dollars, now in actual circulation to the extent of more than forty million dollars, is redeemable in United States notes at the option of the holders.

In order that there may be no misunderstanding as to the circumstances under which the amount between the minimum and the maximum may be issued, and, that it may not be issued for the purpose of inflating the paper currency of the country, I recommend that it be

declared a reserve to be issued temporarily when the ordinary demands upon the Treasury shall require it, and in payment of such demands and for the redemption of fractional currency, the amount so issued to be returned to the reserve as soon as the condition of the Treasury shall warrant it, and that the purchase of bonds shall be forbidden so long as the outstanding United States notes shall exceed the minimum fixed by the act of February 4, 1868.

I believe that such a reserve, so restricted, would be a proper and reasonable protection against any contingencies whereby the revenues of the country might temporarily be diminished, and would give no reasonable cause to fear permanent inflation. As it ought not to be the business of the Treasury Department to increase and diminish the amount of legal-tender notes from time to time, according to the condition of the money market, and for the sole purpose of affecting that market, I think it would be unwise to authorize the reserve to be issued except for the purposes and in the manner which I have suggested.

NATIONAL BANK NOTES.

In the general appropriation act for the fiscal year ending June 30, 1874, the following special appropriation is made, in addition to the usual annual appropriation for making and issuing the national currency :

"For replacing the worn and mutilated circulating notes of national banking associations, and for engraving and preparing, in such manner and on such paper and of such form and design as the Secretary of the Treasury may prescribe, new circulating notes for such associations to replace notes of a design and denomination now successfully counterfeited, six hundred thousand dollars: *Provided*, That each of said national banking associations shall reimburse the Treasury the costs of the circulating notes furnished under this provision."

The operation of this clause must be very limited without further legislation. The making of new plates and replacing notes seem to be restricted to those of denominations which have been successfully counterfeited, and it is found that the only one that can be thus considered is the ten-dollar note, although the two and the twenty-dollar notes have been counterfeited to some extent. A plate has been made for the ten-dollar note, but as the proviso in this clause requires banking associations to reimburse the Treasury for the cost thereof, few banks are inclined to order them while they can continue to have notes of other denominations printed from the old plates without cost to themselves, under the provisions of the general banking law.

I recommend that the proviso in the clause above cited be repealed, or that banks be required to pay for all new notes furnished them, whether printed from new or old plates.

The soiled and mutilated condition of the circulating notes of national banks now in use makes it a matter of necessity that something should be done to redeem the same and to supply their places with new currency, to the end that all the notes which the people are obliged to take and use as money may be clean and whole. Several methods to accomplish this result have been carefully considered, but no plan seems to be feasible without the active co-operation of the banks themselves, assisted by such congressional enactments, as may be required for that purpose, which are earnestly recommended.

EXPORTS AND IMPORTS.

During the fiscal year ending June 30, 1873, the value of merchandise imported into the United States was \$642,029,539, as against \$626,595,077 for the previous year.

An analysis shows an increase in the imports of merchandise admitted duty free, in raw materials and in some articles of necessity, while in some articles of luxury there was a reduction.

The increase in the importation of coffee was \$6,164,339, and in tea, \$1,522,519, in addition to the amounts in bond July 1, 1872, and which were withdrawn therefrom during the year. Coffee was so withdrawn for consumption to the value of \$16,901,126, and tea to the value of \$18,024,217. There was an increase, also, in the importation of copper and copper manufactures of \$1,818,488; soda and salts, \$1,719,408; tin in plates, \$2,681,222; hides and skins, \$1,427,784; furskins, \$188,170; melado, \$2,656,138; wood and manufactures thereof, \$2,141,766; earthenware, \$745,140; manufactures of cotton, \$9,893,870.

There was a decrease in silk goods, \$5,723,582; precious stones, \$182,905; fruits, \$713,203; fancy goods, \$278,577; fine linen, laces, and other manufactures of flax, \$1,054,115; as well as in some articles of a different class, such as barley, \$440,626; opium and extracts thereof, \$128,839; leather and leather goods, \$1,829,917; wool, \$8,105,114.

The gold value of the exports of merchandise from the United States was \$522,478,892, as against \$444,177,586 for the previous year.

There was an increase in certain articles exported as follows, the value being stated in currency:

Cotton, \$47,201,672; wheat, \$12,537,194; wheat flour, \$1,425,980; bacon and hams, \$13,895,545; pork, \$884,727; lard, \$1,068,196; cheese,

\$2,745,092; oils, \$7,256,514; wood and manufactures thereon, \$3,878,930; manufactures of iron, \$2,372,725; coal, \$952,449; drugs and chemicals, \$575,050; hides and skins, \$2,159,845; furs and fur-skins, \$382,545; leather and leather goods, \$1,621,465; in live animals, \$259,731.

The export of gold and silver in excess of the imports was \$63,127,637, as against \$66,133,845 for the previous year.

The balance of trade in merchandise has been largely against the United States for many years, and the country has exported during the twenty years ending with the last fiscal year gold and silver to the extent of more than a thousand million dollars over and above the amount imported.

For some months past, and especially in the months of October and November, the export trade in merchandise has greatly increased, and, owing to the disturbance of financial affairs and other causes, the importation of goods has largely diminished, so that the balance of trade at present is in favor of the United States; and gold and silver have flowed into the country during the past two months at a rate more rapid than ever before, except in the year 1861, when, for the whole year, the excess of imports over exports was \$16,548,531; and for the past twenty years there has been no other single year in which there has been an excess of imports of gold and silver over the exports.

The condition of the carrying trade with foreign countries, though exhibiting a large adverse balance, shows some slight gains, with prospects of still further improvement. Of the exports and imports during the past year, twenty-seven per cent. were carried in United States vessels—a gain of three per cent. over the previous year.

The increase in ship-building in the country is decided. Official numbers were awarded by the Bureau of Statistics to 1,699 vessels of the aggregate tonnage of 313,743 tons, while, during the year preceding, the addition to our mercantile marine was only 38,621 tons. Since the close of the fiscal year still greater activity has prevailed in the ship-yards on the Atlantic seaboard. From the 1st of July to the 1st of November documents have been issued to 1,288 completed vessels of 181,000 tons in all, while such returns as have been received, incomplete as they are, indicate that there were building in October last 386 vessels of the tonnage of 177,529 tons; including 69 steamers with a tonnage of 67,007 tons, of which 18 iron steamers with an aggregate of 38,492 tons are in course of construction on the Delaware.

In view of the high price of iron and coal and the recent advance in the cost of labor in Europe, together with the superior tensile strength of American ship-plates, as proved by actual experiments, there is

reasonable encouragement to expect that this branch of industry will make rapid strides of progress, to the great advantage of the commerce, trade, and financial strength of the country.

The following table shows the amount of merchandise imported or taken out of bond at the places therein named since the passage of the act of June 6, 1872, authorizing the importation free of duty of certain articles actually used for ship-building:

Port.	Value.	Duties remitted.	Duties estimated.	Duties to be collected.	Vessels built.	Vessels repaired.
New York.....	\$173,626 00	\$36,992 00			2	
Boston.....	139,246 00	37,546 86	\$10,347 06	\$1,306 13	4	47
Philadelphia.....	2,768 00	894 48		Duties remitted, but vessel engaged in coasting trade more than three months in one year, hence duties accrued.		
Portland.....	15,403 00	4,687 67			5	1
Bath.....	56,696 00	4,743 92			17	2
Total.....	387,709 00	84,864 93	10,347 06	1,306 13	28	50
Duties estimated.....		10,347 06				
		95,211 99				

Nothing, except a sound financial system, is more important to the welfare of the country than that of turning and retaining the balance of trade in favor of the United States, by a healthy stimulation of the agricultural and manufacturing industry of the country, the reduction in the cost of production at home, and of the transportation of merchandise from the interior to the seaboard, and the building of ships and vessels to do the carrying trade, now mostly in the hands of the people of other countries; and no legislation should be neglected which may assist the industrious people of our country in attaining those most desirable results.

With the balance of trade in favor of the United States a return to specie payments may be easily reached, and, when reached, may be maintained if such wise financial measures are adopted as will prevent overtrading, extravagance, and speculation, and encourage economy, industry, thrift, and only well-directed and prudent enterprises—conditions as essential to the prosperity of nations as to individuals.

CUSTOMS, COMMERCE, AND NAVIGATION.

The attention of Congress is invited to the necessity of a revision and codification of existing tariff laws. Duties on imports are now imposed under fourteen principal statutes relating to classification and rates, besides twenty other acts or resolutions modifying or affecting tariff acts, all passed between March 1, 1861, and March 4, 1873, to which must be added the very numerous customs revenue laws enacted prior to March, 1861, and remaining either wholly or partially in force.

Under these various enactments, questions relating to the proper assessment of duties constantly arise. There is often a direct conflict between different statutes, and occasionally between two or more provisions of the same statute, while single provisions are frequently held to embrace different meanings. These differences can be settled only by arbitrary interpretations or by adjudications in court. As a necessary consequence, protests against the payment of duties exacted by collectors of customs and appeals to this Department, based on such protests, are of daily occurrence, while suits brought by the Government to collect unpaid duties, or by individuals to recover back duties paid, crowd the calendars of our courts.

The number of statutory appeals to the Secretary of the Treasury on tariff questions during the last fiscal year was four thousand seven hundred and thirty-one, exclusive of miscellaneous cases or applications for relief, numbering five thousand and sixty-five.

The onerous duties imposed upon the Department, the vexatious delays to individuals, and the expense of litigation to all concerned, resulting from this state of affairs, are obvious. The following remedies are suggested for adoption, in a general revision of the tariff laws:

First. The abandonment of distinctions based upon commercial usage. In other words, the material of which an article is composed instead of its commercial designation, where a particular material forms the sole or chief element of value, should control its classification, and the rate of duty consequently imposed, whether *ad valorem* or specific.

Second. The abandonment of "charges and commissions" as an element of dutiable value. The revenue from this source, while uncertain and comparatively trifling in amount, is a fruitful source of embarrassment and complaint in the liquidation of duties. Its continued exaction is therefore not desirable.

Third. The repeal of all provisions of law for what are commonly known as "damage allowances," or proportionate abatements of duties on merchandise injured during the voyage of importation. These vary at different ports, exceeding at some by ten or fifteen per cent. those made at others in like cases. In many instances the extent of damage can be only approximately determined, while in others there is room to suspect fraudulent practices, and, in all, the operation of the system is unfavorable to the honest importer as well as to the Government. I therefore recommend its entire abolition—a measure which would place all importers on an equality in this respect, while there would result to them only the extra expense of insurance on the duties, in addition to that upon the foreign cost of the goods.

Many articles upon which duties are now levied, and which do not come in competition with those of the manufacture or production of this country, are imported in such small quantities that the duties collected thereon are insignificant and do not compensate for the cost of collection. I suggest that all such articles be added to the free list.

The fees prescribed by law for services upon the northern frontier connected with the execution of the laws relating to navigation and the collection of the revenue from customs are different from those upon the coast, and it is questionable whether such difference does not constitute a violation of the constitutional provision prohibiting the giving of a preference by any regulation of commerce or revenue to the ports of one State over those of another; and a revision and equalization of such fees are recommended.

A tonnage tax is now levied on all American sailing vessels engaged in the foreign trade, and on all sailing vessels of other nationalities. It is not imposed upon American vessels engaged in the coasting trade. Steamships of foreign nationality, in some cases, are subject to the tonnage tax; in others, they are exempt by old treaty stipulations only recently carried into effect. But all American steam-vessels arriving from foreign countries are subject to the tax. In consideration of the fact that this tax was entirely abolished on all vessels for more than thirty years and only resorted to as a war measure in 1862, and that those engaged in the coasting trade were again relieved from this burden by recent enactments, I recommend that this tax be wholly abolished.

The Department has found difficulty in the administration of the act of February 18, 1793, relating to the enrolment and license of vessels, with reference to its application to canal-boats and similar craft designed to be chiefly employed on the internal waters of States. From a period immediately subsequent to the passage of the act down to a comparatively recent date, the Department uniformly held that such boats, exceeding five tons burden, were liable to be enrolled and licensed. During the term of my immediate predecessor the question was thoroughly considered, and the liability to enrolment and license was held to attach to this class of vessels only when they emerged from the internal waters of a State into the navigable waters of the United States. But even this modified view of their liability has been contested on the ground that such boats are not included in the provisions of the enrolment act. The growth of inland commerce and the necessities of trade have, of late years, led not only to a large increase in the number of canal-boats, but also to their more frequent egress into navigable waters.

Hence it becomes more and more for the interest of the numerous owners of this species of property to claim entire exemption from the burdens imposed by the coasting laws, or incidental to an enforcement thereof, while the Department has no option but to administer the law. It is, therefore, important that the status of this class of vessels should be definitely fixed by such legislation as the case requires.

Rivers and harbors which have been dredged by the Government at great expense are often made the receptacle of ballast thrown from vessels, by which the channels become filled and navigation impeded. There is much necessity for a law to prevent this practice, making it a penal offence to deposit, in such channels or harbors, ballast or other matter by which their value as such is lessened.

The general regulations of this Department, issued in 1857, and partially revised in 1868-'69, having become to some extent obsolete, and in many respects deficient, have been completely revised and adapted to existing laws, special pains being taken to make the arrangement of topics convenient, and the text of the regulations simple, comprehensive, and concise. It is believed that this revision, an edition of which will be issued at an early date, will materially aid customs and other officers in the performance of their duties.

REORGANIZATION OF CUSTOMS DISTRICTS.

I invite the attention of Congress to the propriety of reorganizing the customs collection districts on the Atlantic coast, seventy-nine in number.

The establishment of many of these districts dates back to a period when the conditions determining their importance, relative to the commerce of the country, were entirely different from those existing at the present time. In some, the expenses of collecting the revenue exceed the amount collected, and the consolidation of such districts with others may be advisable. At the same time, it must be remembered, that the effective administration of the revenue system often requires the services of customs officers at points where few or no duties are collected. The judicious disposition of a force for the prevention of smuggling is indispensable to the collection of the revenue from imports, especially where the extent of coast affords opportunities for the clandestine introduction of dutiable merchandise. I would therefore suggest such action as may lead to a reduction of the number of districts, and a consequent reduction of expenses, without affecting the convenience of importers or the safety of the revenue.

INTERNAL REVENUE.

The following statement shows the increase and decrease from each general source of internal revenue for the fiscal years ended June 30, 1872, and June 30, 1873, as appears from the report of the Commissioner of Internal Revenue:

Sources.	Increase.	Decrease.
Spirits.....	\$2,623,855 42	
Tobacco.....	650,132 57	
Fermented liquors.....	1,066,439 38	
Penalties.....	19,447 94	
Banks and bankers.....		\$857,197 68
Adhesive stamps.....		8,474,943 75
Articles and occupations formerly taxed but now exempt.....		12,723,224 53
Total.....	4,359,875 31	22,055,365 96

It will be seen that there has been an increase in the receipts for taxes on spirits, tobacco, fermented liquors, and from penalties.

The decrease in the receipts from banks and bankers is due principally to that provision in the act of June 6, 1872, which raises the exemption of all sums deposited in savings banks, &c., in the name of one person, from \$500 to \$2,000.

The repeal of all stamp taxes imposed under Schedule B, act of June 30, 1864, except that of two cents on bank checks, drafts, or orders, took effect October 1, 1872, and has caused a falling off from that source.

The class of articles and occupations formerly taxed but now entirely exempt includes incomes, gas, and other sources of taxation on lists repealed prior to the act of June 6, 1872, and the receipts from these sources constantly and rapidly diminish.

In accordance with the provisions of the act of December 24, 1872, the offices of assessors and assistant assessors of internal revenue have been abolished, and all their final accounts approved by the Commissioner of Internal Revenue and referred to the accounting officers. The number of these officers varied according to the exigencies of the service, being greatest in 1868, when there were three thousand and forty-three, of which two hundred and forty-one were assessors; since which time the number had, up to the taking effect of the act above referred to, been reduced about one-half.

The system of collecting taxes by stamps, and without assessments, has been found to give general satisfaction. Since its application to special taxes they have been collected more promptly and thoroughly, and a more gratifying and healthy increase in the receipts therefrom is apparent.

The old assessment lists have been disposed of in a large number of the collection districts, and the aggregate amount held as collectible thereon does not exceed \$450,000.

REVENUE MARINE AND LIFE SAVING SERVICE.

A marked improvement has been made during the past year in the Revenue Marine Service. The number of vessels boarded and examined, and the number of those reported for violation of revenue laws, and of those assisted in distress, as well as the number of lives saved through the agency of the revenue cutters, is largely in excess of like service performed during any previous year. The character of the service has been elevated by rigid professional examinations. Ten old vessels have been thoroughly repaired and three new ones have been built. There are now employed twenty-eight steamers and six sailing vessels, and these are better adapted to the service required of them than were the vessels formerly in use. Three new steam-vessels are constructing and will go into commission next spring. With the addition of a new steamer for the Columbia river and vicinity, it is believed that this branch of the service will be in a condition to answer the demands upon it, economically and efficiently, for many years to come.

I desire to renew the recommendations heretofore submitted to Congress that the navy-pension laws be made applicable to the officers and seamen of the Revenue Marine, and that provision be made for a retired list of officers. These measures are demanded to aid in promoting efficiency, and in justice to meritorious officers and seamen whose lives are spent in the performance of hazardous public service.

From the appropriation of \$100,000 "for the establishment of new life-saving stations on the coast of the United States," twenty-one new stations are in process of erection upon the coasts of Maine, New Hampshire, Massachusetts, Virginia, and North Carolina. Of these, ten will be ready for occupancy by the first of February next, and the others at a later period in the season. Arrangements are also being made for the establishment of two other stations. No provision of law exists for the two additional superintendents which these new stations render necessary, nor for keepers and crews for the same. It is recommended that early authority be given for the employment of such persons.

Although during the past year marine disasters have been unusually numerous, it is gratifying to be able to state, that upon the coasts

provided with life-saving stations, which are the most dangerous upon the seaboard, the loss of life and property has been exceedingly slight.

The wreck reports from the various stations show that since the last annual report of the Secretary of the Treasury, thirty-two vessels have been driven ashore upon these coasts by stress of weather, valued, with their cargoes, at \$832,230, on which the loss was only about \$220,000.

The number of lives imperilled was two hundred and thirty-five, of which number, but a single life was lost.

In accordance with the directions of the act of March 3, 1873, measures have been taken to ascertain "at what points on the sea and lake-coasts of the United States the establishment of life-saving stations would best subserve the interests of commerce and humanity," and a report on the subject will be transmitted to Congress during the session.

For the purpose of recognizing and encouraging the services of the keepers and crews of the stations, in the performance of the perilous duties they are frequently called upon to undertake in rescuing the shipwrecked, it is recommended that a system of rewards be adopted in the shape of medals of honor, to be distributed to such of them as may particularly distinguish themselves by special or notable acts of gallantry or daring, resulting in the rescue of persons from imminent danger. Such rewards might be properly extended even beyond life-saving service, and bestowed upon any others who may have made extraordinary exertions, at their own peril, in saving life in marine disasters. Similar rewards are bestowed in foreign countries, where life-saving institutions exist, and are considered prizes worth the most adventurous efforts.

THE COAST SURVEY.

The important service of the Coast Survey under this Department has been prosecuted with vigor and usefulness. The changeable character of many of our harbors and most frequented coastwise passages calls for constant watchfulness, to maintain the charts and aids to navigation as correct indicators of the actual channels. Work has been prosecuted on portions of the coast heretofore surveyed, and examinations and resurveys have also been made at Boston, New York, Philadelphia, Baltimore, San Francisco, and many other harbors, as well as in the great thoroughfare between Nantucket and Monomoy. Twenty-five new charts are reported as published during the year. The publication of a "Coast Pilot," or printed sailing directions for harbors and coastwise navigation, has been commenced, which, with the annual predictions of tides, will complete and digest for ready use the information

laid down on the charts. Much interest has been manifested in the extension of the great triangulation lines across the continent; and the system, steadily pursued, will in time, at a small annual expense, supply the frame-work for an accurate map of the whole country.

LIGHT-HOUSES.

I have frequently attended the meetings of the Light-House Board, and have been much impressed with the importance of the work under its control, and the efficiency with which it has been conducted.

Our Light-House Establishment is now larger than that of any other country in the world, extending with its lights and beacons over more than ten thousand miles of coast and shore, maintaining, at the close of the last fiscal year, five hundred and twenty-one light-houses, thirty-five powerful signals operated by engines driven by steam or hot air, twenty-one light-ships, three hundred and sixty-four day or unlighted beacons, and twenty-eight hundred and thirty-eight buoys.

During the past summer the Board, with my approval, directed its Engineer Secretary, Major Elliot, of the Corps of Engineers of the Army, to make an inspection of the light-house systems of Europe, with a view of improving our own by the introduction of such modifications as have been found useful there. His report has been made, and the practices in other countries which differ from our own will be duly considered by the Board, with a view to the adoption of such as will render still more efficient the light-house system under its control.

At some of the most important points on the French and English coasts, electric and gas light-houses have been placed, and I recommend that the Treasury Department be authorized to make experiments in the same direction, by applying to two of our most important stations, on towers already constructed, one electric and one gas light, of most powerful character.

MINTS.

The Mint Bureau, established by the act of February 12, 1873, was organized on the 1st of April, when the coinage act became operative. Doctor H. R. Linderman was appointed director; and, under his able and energetic management, the operations of the mints and assay offices have been efficiently conducted, and a more speedy and systematic rendition of the bullion accounts effected. At the request of the Department, he has obtained valuable information on various technical and scientific points connected with the coinage, by which the transaction of business has been greatly facilitated.

The coinage during the fiscal year ending June 30, 1873, was as follows:

Gold coinage.....	\$35, 249, 337 50
Silver coinage.....	2, 945, 795 50
Minor coinage.....	494, 050 00
Total.....	<u>38, 689, 183 00</u>

During the same period, the value of bars manufactured was as follows:

Fine gold.....	\$7, 439, 843 78
Unparted gold.....	8, 485, 602 35
Total gold.....	<u>15, 925, 446 13</u>
Fine silver.....	\$3, 149, 372 64
Unparted silver.....	8, 442, 711 84
Total silver.....	<u>11, 592, 084 48</u>
Total gold and silver bars.....	<u>\$27, 517, 530 61</u>

The reduction of the coinage charge from one-half to one-fifth of one per cent. has been followed by an increased coinage, and prevented, to a considerable extent, the export of gold bullion—its value for coinage in this country having thereby been brought nearly to its mint value in London, where it is coined without charge. Some further advantages would no doubt follow the adoption by this country of the free-coinage system as to gold. I recommend the repeal of the charge for coining gold, and also the charge imposed for copper used for alloy, as being an inconvenient item in estimating the coinage value of gold.

With the view to prevent the export of gold coins, authority should be given for keeping in the Treasury, when its condition will admit of the same, a supply of fine gold bars bearing the mint stamp of fineness, weight, and value, and for exchanging such bars for coin. They would always be preferred to coin for export, and gold coins of full weight would be retained in the country, instead of being selected for export.

The repeal or modification of that part of the coinage act which requires gold coins to be excluded from the benefit of the half per cent. abrasion limit, unless they have been in circulation for certain prescribed periods, is recommended, on the ground that in the daily transactions of the custom-houses it cannot be carried into effect.

The subsidiary silver coins being manufactured by the Government on its own account, and the seigniorage or difference between the bullion

and nominal value of such coin realized by it, provision should be made for redeeming in kind such pieces as have become unduly worn from long circulation. This is done in other countries which, like ours, have adopted the gold standard and demonetized silver.

The recent fall in the price of gold, together with the depreciation in the market value of silver, as compared with gold, which has been going on for some time, has enabled the Director to coin silver, to be paid out instead of United States notes to advantage. Availing himself of this opportunity, the Director caused to be purchased as much silver bullion as could be conveniently used in giving employment to the mints, when not engaged in the more important business of coining gold, and the same was so coined and paid out.

During the last few years, our subsidiary silver coins have been sent in considerable amounts to Central and South America, where it is understood they circulate as full-valued coins. It would be better for us to manufacture coin according to standards and values legally prescribed by those countries, than to encourage the export of our subsidiary coin, which is intended for home circulation.

In connection with this subject, it should be stated, that applications have been received from some of the South American governments to supply them with coins of their own standards. These applications could not be granted for want of lawful authority. As an act of comity to friendly States who have no facilities for coinage, and for commercial reasons, it is recommended that authority be granted for the execution of coinage of other countries, when it can be done at our mints without interfering with home demands for coin.

No coinage has been executed at the New Orleans Mint since the year 1861, but the machinery, with inconsiderable exceptions, is still there, and reported to be in good condition. As that section of the country will, at no distant period, require a large supply of coin, estimates for the amount required, to place the mint in condition for coining operations, and for its support during the next fiscal year, have been submitted, and, it is hoped, will receive the favorable consideration of Congress.

Under the provisions of the coinage act, depositors receive in stamped bars from assay offices, where refining is not done, the identical bullion deposited by them, and are subjected to heavy discounts in converting the bars into coin or currency. These interior assay offices would become much more useful to the mining interests, if authority were given to the Secretary of the Treasury to issue coin certificates for the net value of such bars.

MARINE HOSPITALS.

The relief operations of the Marine Hospital Service embraced at the close of the last fiscal year ninety-one customs districts, and showed an increase of twelve per cent., as compared with the year preceding, and nearly thirty-seven per cent. since the passage of the act of June 30, 1870, under which the service is now administered. Medical and surgical attendance was furnished to thirteen thousand five hundred and twenty-nine seamen. The hospital at Chicago has been completed, and a site has been selected for the pavilion hospital authorized at the last session of Congress to be erected at San Francisco. The recommendations contained in the last annual report of my predecessor as to hospitals at New York and Pittsburg are renewed, and Oyster Island is suggested as an eligible site for that at New York.

Instead of costly alterations and repairs to the hospitals at Detroit, Cleveland, Louisville, and Portland, the Supervising Surgeon proposes, for sanitary and other reasons, that comparatively inexpensive wooden pavilion wards be built on the grounds adjoining, and only such expenditures be made upon the present buildings as may be necessary to fit them for administrative purposes.

The recommendation is also renewed as to the use for hospital purposes of wooden pavilion structures, of simple design and comparatively small cost, which may be destroyed and renewed when their continued occupancy renders them unhealthy. In these views I fully concur.

PUBLIC BUILDINGS.

In the annual report of the Secretary of the Treasury for 1872, the attention of Congress was called to the fact that very large sums of money would be needed for the completion of buildings begun or authorized, and it was recommended that, with the exception of pavilion hospitals and a building for the accommodation of the Bureau of Engraving and Printing and the surplus files of the Treasury Department, no new work should be authorized. Contrary to this recommendation, Congress, while making no appropriation for the building last named, authorized the commencement of seventeen new buildings and the purchase of sites for several others. This legislation, together with the work previously commenced, has imposed an unprecedented and extraordinary amount of labor upon the Supervising Architect's office, and has rendered it necessary to submit estimates in an aggregate sum much larger than I think should be expended in any one year.

It is highly important to limit the erection of public buildings to

such as are imperatively demanded by the necessities of the public service, and where suitable temporary accommodations cannot be provided at a reasonable cost. While it is no doubt true that all buildings authorized to be erected are needed and their early completion would be desirable, those in the larger cities where permanent buildings are imperatively demanded for the proper transaction of business should have the preference. With the present organization of the Supervising Architect's office, it does not seem practicable in a single year to commence or properly supervise the construction of all the buildings authorized by Congress.

In this connection I desire to refer to the labor performed by that office, and the magnitude of the business committed to its charge.

There are one hundred and fifteen buildings finished and occupied for federal purposes, which are by law placed under the charge of the Treasury Department, consisting of Treasury buildings, custom-houses, court-houses, post offices, appraisers' stores, warehouses, marine hospitals, mints, and assay offices. The Supervising Architect's office has, by direction of the Secretary of the Treasury, the supervision of the repair and supply of these buildings with furniture, heating apparatus, safes, vaults, fuel, lights, water, &c. Most of these buildings require more or less repairs every year, and thirty of them are now undergoing extensive repairs and remodelling, several to an extent involving as much time and attention as the erection of new buildings. The office is also charged with the construction of all new buildings erected under the Treasury Department, and is now engaged in the construction of seventeen such new buildings, and also the new State, War, and Navy Department in this city, and the new jail for the District of Columbia.

The expenditures during the past year were \$9,039,698 76, and the balances of appropriations standing to the credit of that office on July 1, 1873, amounted to \$14,774,573 00.

Congress has provided for the erection of twenty new buildings not yet commenced, plans for six of which are now being prepared; sites have been secured for eleven, and negotiations are in progress for the purchase of the remaining nine.

The Supervising Architect's office has also the renting of buildings and office-rooms for the use of the various officers of the Treasury Department throughout the country at places where there are no public buildings, or where such buildings are insufficient. The number now occupied is two hundred and twenty-six, which are located in every State in the Union, except Kansas and Arkansas, and in five of the Territories, at a total annual rental of \$190,488 25.

Great credit is due to the Supervising Architect and his subordinates for the able, faithful, and economical manner in which they have conducted the vast business submitted to their immediate supervision.

NEW YORK CUSTOM-HOUSE.

The great extent and rapid increase of the commerce of the port of New York, where are collected about sixty-seven per cent. of all the duties levied on imported goods, has already rendered the custom-house accommodations there quite insufficient. With the certain increase of business which this port must attain in the future, and with the prospect of its becoming more and more an exchange centre for other countries, it is a matter of the first importance to select, at an early day, a site for a new custom-house on a larger scale, together with the buildings needed in connection therewith, where the situation, convenience, and accommodations will be adequate to the requirements and worthy of the position of this great mart. The expense of erecting the building may well be extended over a series of years. The present custom-house lot may be sold to advantage, when no longer required, in part reimbursement of the expense. I earnestly commend this subject to the consideration of Congress.

THE SEAL ISLANDS.

Valuable reports have recently been made by Captain Charles Bryant, agent, and Mr. Henry W. Elliott, assistant agent of the Treasury Department, at the seal islands of Alaska, in respect to the geography of the islands, the condition of the inhabitants, and the habits of the seals. They concur in the opinion that the law of July 1, 1870, providing that of the one hundred thousand seals to be taken annually, the proportion of one-quarter from St. George Island is altogether too large for the number of seals now frequenting that island, making it necessary, in order to obtain the full complement, to kill seals too small to afford first class skins. They think the proportion between the two islands should be eighty-five thousand from St. Paul, and fifteen thousand from St. George. I am of opinion that the law of July 1, 1870, above referred to, should be so altered that the proportion to be taken from the separate islands may be fixed by the Treasury Department, and changed from time to time as the course of the seals may render it necessary.

LOUISVILLE AND PORTLAND CANAL.

In the "act making appropriations for the repair, preservation, and completion of certain public works on rivers and harbors, and for

other purposes," approved March 3, 1873, the following appropriations and provisions are made:

"For completing the Louisville and Portland canal, one hundred thousand dollars; and the Secretary of the Treasury is authorized and directed to assume, on behalf of the United States, the control and management of the said canal, in conformity with the terms of the joint resolution of the Legislature of the State of Kentucky, approved March 28, 1872, at such time and in such manner as in his judgment the interests of the United States, and the commerce thereof, may require; and the sum of money necessary to enable the Secretary of the Treasury to carry this provision into effect is hereby appropriated: *Provided*, That after the United States shall assume control of said canal, the tolls thereon on vessels propelled by steam shall be reduced to twenty-five cents per ton, and on all other vessels in proportion."

The resolution of the State of Kentucky recites the facts that all the stock of the canal company belongs to the United States except five shares owned by the directors, that the property of the company is subject to a mortgage to secure bonds therein mentioned, and that the company may owe other debts, and directs the Louisville and Portland Canal Company to surrender the canal and all the property connected therewith to the government of the United States upon the terms and conditions therein specified, the sixth and last of which is "that the government of the United States shall before such surrender discharge said mortgage and pay all debts due by said canal company, and purchase the stock of said directors."

The United States, by repeated acts, have manifested the intention of taking possession of this canal and maintaining it for the benefit and improvement of the navigation of the Ohio river, and the importance of consummating that intention at as early a day as possible is apparent. As long ago as 1855 the United States had become the owners of all the shares in the company except the five shares held at the request of the then Secretary of the Treasury by the directors, to enable them to retain their offices and keep up the corporate organization and the management of the business of the company. Since that time Congress has at different times made appropriations and expenditures for enlarging and improving the canal to the amount of more than a million dollars, for which the Treasury has never been reimbursed.

Recognizing the great benefit which would accrue to the commerce of the country bordering on the Ohio river, by the United States taking possession of the canal and reducing the tolls thereon, steps were taken to ascertain the debts of the company, and to devise a plan for carrying into effect the provisions of the appropriation act above cited.

It is found that the unsecured floating debt of the company, after deducting cash on hand, is not large, and may be easily ascertained and paid, and that the five shares of stock may be obtained of the directors by paying therefor one hundred dollars per share, with interest from February 9, 1864.

In addition to these debts, there are outstanding eleven hundred and seventy-two bonds of the company, of \$1,000 each, with coupons attached, bearing six per cent. interest, payable semi-annually. Of these bonds, \$373,000 will mature January 1, 1876; \$399,000 will mature January 1, 1881; and \$400,000 will mature January 1, 1886.

While the resolutions of the State of Kentucky require that these bonds shall all be paid, and the mortgage discharged before the surrender of the canal to the United States, and the bonds do not all mature until the year 1886, and are supposed to be distributed among a great number of unknown holders, the difficulty of carrying into effect the provision of Congress may be readily seen.

If Congress would authorize the Secretary of the Treasury, with the consent of the State of Kentucky, to take possession of the canal upon paying the floating debts of the company, purchasing the five shares of stock, and assuming the payment of the bonds secured by the mortgage when matured, with authority to purchase them at any time previously, as circumstances would warrant, one great obstacle in the way of accomplishing this most desirable result would be removed, and the cost thereof might be distributed over a period of several years.

While this subject was under consideration a communication was received from the president of the company, under date of July 9, 1873, informing the Department that "the Louisville and Portland Canal Company has been sued in the Louisville Chancery Court, by the devisees of Colonel John Campbell, for nearly all the land owned by the company."

This suit, which is now pending, and is understood to involve the title to all or nearly all the land through which the canal runs, has so changed the aspect of affairs, that I deemed it the part of prudence, within the discretion intrusted to my judgment, to expend no money towards paying the debts of the company until these facts should be laid before Congress for its consideration and action thereon.

REPORTS OF BUREAU OFFICERS.

The several reports of the different bureau officers to accompany this report, to wit: those of the First and Second Comptrollers, Commissioner of Customs; the First, Second, Third, Fourth, Fifth, and

Sixth Auditors; Treasurer, Register, Director of the Mint, Chief of the Bureau of Statistics, Solicitor of the Treasury, Superintendent of the Coast Survey, the Light-house Board, Supervising Architect, and Commissioner of Internal Revenue, with that of the Comptroller of the Currency, are respectfully commended to the consideration of Congress, as showing the extent and condition of the business of the Department in all its numerous branches, and the faithfulness, industry, and integrity with which the same has been conducted during the past year by all persons employed in the service.

WILLIAM A. RICHARDSON,

Secretary of the Treasury.

HON. SPEAKER OF THE HOUSE OF REPRESENTATIVES.

ANNUAL REPORT

OF THE

SECRETARY OF THE INTERIOR

ON THE

OPERATIONS OF THE DEPARTMENT

FOR

THE YEAR 1873.



WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1873.

REPORT OF THE SECRETARY OF THE INTERIOR.

DEPARTMENT OF THE INTERIOR,
Washington, D. C., October 31, 1873.

SIR: I have the honor to submit the following report of the operations of this Department during the past year, together with such suggestions as my experience has convinced me will promote the efficiency of the public service:

INDIANS.

The situation in the Indian service may be regarded as favorable and as a vindication of the propriety and practicability of the humane policy which was inaugurated at the beginning of your first presidential term, and which has governed the Department in the transaction of all business matters pertaining to the conduct of Indian affairs. That policy has for its main object and aim the restraint and elevation of the wild tribes of the frontier through firm but kind treatment. That progress has been made in the establishment of that policy, and in an improvement of the condition of Indians reached by it, is shown by the increased interest in educational matters, a growing willingness on the part of the Indians to engage in industrial pursuits, a desire for the division of lands, and an increase of stock and farm products.

THE INDIAN POLICY.

Preliminary to the annual exhibit of the affairs of the Indian service, so far as the control of the Department is concerned, and especially in view of certain occurrences of the past year in that service, and the very general discussion of the character and scope of the Indian policy, I deem it proper to indicate at this time more in detail what that policy was originally intended to accomplish, and the appliances through which it was sought to work.

The so-called peace policy sought, first, to place the Indians upon reservations as rapidly as possible, where they could be provided for in such manner as the dictates of humanity and Christian civilization require. Being thus placed upon reservations, they will be removed from such contiguity to our frontier settlements as otherwise will lead, necessarily, to frequent outrages, wrongs, and disturbances of the public peace.

On these reservations they can be taught, as fast as possible, the arts of agriculture, and such pursuits as are incident to civilization, through the aid of the Christian organizations of the country now engaged in this work, co-operating with the Federal Government. Their intellectual, moral, and religious culture can be prosecuted, and thus it is hoped that humanity and kindness may take the place of barbarity and cruelty. Second; whenever it is found that any tribe or band of Indians persistently refuse to go upon a reservation and determine to continue their nomadic habits, accompanied with depredations and outrages upon our frontier settlements, then the policy contemplates the treatment of such tribe or band with all needed severity, to punish them for their outrages according to their merits, thereby teaching them that it is better to follow the advice of the Government, live upon reservations and become civilized, than to continue their native habits and practices. Third, it is the determination of this policy to see that all supplies of every kind, whether of food or clothing, purchased for distribution to Indians, upon reservations and remaining at peace with the Government, are procured at fair and reasonable prices, so that the Indian meriting such supplies may receive the same without having the funds of the Government squandered in their purchase. Fourth; it is the purpose of the Government, as fast as possible, through the instrumentality and by the advice and assistance of the various religious organizations, and by all other means within its power, to procure competent, upright, faithful, moral, and religious agents to care for the Indians that go upon reservations; to distribute the goods and provisions that are purchased for them by the benevolence of the Government; to aid in their intellectual, moral, and religious culture, and thus to assist in the great work of humanity and benevolence, which the policy aims to accomplish. Fifth; it is the further aim of the policy to establish schools, and, through the instrumentality of the Christian organizations, acting in harmony with the Government, as fast as possible, to build churches and organize Sabbath-schools, whereby these savages may be taught a better way of life than they have heretofore pursued, and be made to understand and appreciate the comforts and benefits of a Christian civilization, and thus be prepared ultimately to assume the duties and privileges of citizenship. These are the aims and purposes of the peace policy, briefly stated, and must commend themselves to every right-minded citizen as in keeping with the duty of a powerful and intelligent nation towards an ignorant and barbarous race provisionally thrown upon it for control and support.

It was not, of course, to be expected that so radical a change in the management of widely-scattered bands of roving Indians, whose only restriction hitherto had been their own capricious inclinations, and who roamed at will over vast regions of country, could be effected without resistance on their part and a show of force on the part of the Government. Such a result was never anticipated, even by the most sanguine

friends of the new policy, and the various impediments which have from time to time intercepted and obstructed the operations of the Indian Bureau have not, therefore, discouraged the reasonable hopes of final success which its active friends have always entertained. Satisfactory progress towards the accomplishment of the ends sought to be attained by this policy has already been made, fully justifying the hope that it will eventually achieve the end in view.

IMPEDIMENTS.

As the Department progresses in securing the adoption of this policy, the impediments are developed and modifications in details are suggested as necessary to give it greater efficiency and adaptability to the work in hand. Among these impediments is the practice, which has obtained for many years, of paying annuities to certain tribes, in money, in accordance with treaty stipulations, in lieu of goods and subsistence stores. It seems to be an unvarying result of such payments in money that the Indians are in worse condition in every respect than if they received payment in goods and supplies, and it appears in many cases that those receiving the most money are in the worst condition. Money seems to brutalize instead of civilizing, as they are ignorant of its value and unable to use it with any discretion. The result is, that in a short time after the receipt of the cash annuities they are often found in a state of great destitution. The recommendation of the Commissioner of Indian Affairs that such payments be hereafter made in goods and supplies, even if it be found necessary to modify the treaties to enable the change to be made, meets with my unqualified approval. In this connection I desire to refer particularly to certain moneys due to the Prairie band of Pottawatomies, as well as certain sums which are expected soon to be to the credit of the Kansas Indians, which, under existing treaty stipulations and laws, are required to be paid to said bands of Indians respectively. It is very desirable, in my opinion, that the sums here referred to should be held and regarded by the Government as funds for the civilization of these several bands of Indians; that it would be demoralizing, and therefore improper to pay said sums over to the Indians to be squandered.

I shall, therefore, present to the proper committees of each House of Congress, during the present session, bills providing that the sums of money here referred to be invested in Government bonds and placed to the credit of said Indians respectively, for the purpose of their civilization, to be used by the Commissioner of Indian Affairs for that object, both interest and principal, at such times and in such manner as the President of the United States may direct.

It is likewise detrimental to the substantial improvement of the race that they are compelled to hold their lands in common. Such community of interest operates as a premium upon indolence and unthrift, and places a discouraging burden upon those who are willing to work and who desire to acquire property. As fast as practicable, and when-

ever a disposition is manifested by an Indian to improve a separate tract of land and secure the comforts of a permanent home, a farm of suitable area should be set apart and secured to him for his exclusive occupancy and improvement, and he should be aided by donations of stock and farming implements, out of the annual appropriations for his tribe.

The first steps toward the permanent settlement of Indians in fixed homes is the establishment and rigid enforcement of regulations to keep them all upon reservations. This can only be done, at present, upon some of the reservations by a display of a sufficient military force near the reservation to punish all violations of such requirements. It is believed that many Indians who are subsisted by the Government persist in making forays upon white settlements and upon neighboring tribes, and then retreat to the refuge of their reservations where they can secure their spoils, and be fed and recuperated for fresh outrages. It will be found to be a measure of mercy to all if such Indians can be punished as they deserve.

INTERFERENCE WITH INDIANS ON RESERVATIONS.

Serious complaints are made to the Department relative to the presence, upon Indian reservations, of white men, who go there solely for the purpose of hunting buffalo, which are thus destroyed in large numbers. While I would not seriously regret the total disappearance of the buffalo from our western prairies, in its effect on the Indians, regarding it rather as a means of hastening their sense of dependence upon the products of the soil and their own labors, yet these encroachments by the whites upon the reservations set apart for the exclusive occupancy of the Indian is one prolific source of trouble in the management of the reservation Indians, and measures should be adopted to prevent such trespasses in the future, or very serious collisions may be the result. The Government has a two-fold object in confining Indians to reservations: to prevent their encroachments upon white settlers, and to isolate them as far as possible from association with white people. This cannot be accomplished if whites are allowed to trespass at will upon reservations. These remarks apply with greatest force to the so-called Indian Territory south of Kansas.

ENLISTMENT OF INDIANS.

The policy of enlisting friendly Indians as scouts and auxiliaries in punishing hostile tribes has obtained for some years in the Army, and Indians so serving have rendered valuable service, and received honorable mention in the reports of military officers, and have even been recommended as worthy of receiving certificates of merit for acts of special gallantry. It has been objected to such enlistments that they tend to intensify and perpetuate traditional inter-tribal feuds, and should, therefore, be avoided. Take for example the Rees and other tribes at the Fort Berthold agency, in the Territory of Dakota, in their relations

to the neighboring bands of Sioux. The valuable services of the former have been recognized by Generals Stanley and Crittenden, but these tribes have suffered in consequence by the depredations of the Sioux. I recommend a careful consideration of this subject as one of the utmost importance, but am not prepared to give it my approval, in view of the fact that its propriety is questioned by many of the most judicious friends of the Indian cause, whose opinions are entitled to great weight. If such enlistments are to be made, however, we should do all that is necessary to strengthen the tribes from which recruits are enlisted by liberal supplies and improved arms, thus enabling them not only to defend themselves more effectually, but to render more efficient service to the Government. The complaint is now made by some of the friendly tribes thus circumstanced, that the bounty of the Government is dispensed in direct proportion to the hostility of a tribe, and that those which have been friendly from their own voluntary choice are left for the most part to their own resources.

The Sioux Nation is almost completely surrounded by tribes that are really friendly to the Government, and at the same time bitterly hostile to the Sioux. If these friendly tribes could be liberally supplied with improved fire-arms and ammunition, the present supremacy of the Sioux might in a few years be destroyed with but little aid from the Army, and quiet would prevail over the vast extent of country now roamed by that powerful nation.

HUNTING PRIVILEGES OF THE SIOUX.

Attention is invited to the eleventh article of the treaty of 1868 with the Sioux Nation, granting them certain hunting privileges within the State of Nebraska, and without the bounds of their reservation. On account of the violation of the other provisions of that treaty by the Sioux, and the scarcity of game in the country referred to, the Government will, I think, be justified in abrogating that article, and I respectfully suggest such action.

REDUCTION AND CHANGE OF RESERVATIONS.

Satisfactory progress has been made within the year in the reduction of the area of existing reservations, in the exchange of reservations lying within the range of advancing settlements and railroad construction for other locations equally desirable for all purposes of Indian occupancy, as well as in bringing tribes upon reservations for the first time, and in the removal of other tribes to the Indian Territory. All this is the legitimate result of the working of the existing policy, and the efforts of the Department in that direction have been unremitting. Several important negotiations have been concluded during the year looking to the change in the location of tribes and the reduction in the area of reservations.

It will be found by an examination of these negotiations that by the treaty with the Crows their reservation has been reduced by 4,000,000

of acres. Their present treaty appropriation, amounting to \$130,000 per annum, expires with the present year, and by the terms of the negotiations under which they release the 4,000,000 acres of land above referred to, the Government will be required to pay them \$50,000 per annum, a reduction of \$80,000 per annum. In the negotiations with the Utes they relinquish between 4,000,000 and 5,000,000 acres of land, at an annual compensation of \$25,000. Their present treaty appropriation, amounting to \$20,000 per annum, expires with the present year. The net gains under the two negotiations in the annual expenditure of supporting these tribes amounts to \$75,000, as compared with the expenditures of former years. The terms of these negotiations provide for the payment of the respective amounts named in such articles as the President may direct, which is in conformity with a suggestion made in a previous portion of this report, that further payments of annuities in money, to Indians, should cease. These negotiations will be submitted to Congress for action. The result, if ratified by Congress, will be to release a large area of valuable agricultural and mineral land, thereby enabling our white settlements to advance and occupy a desirable portion of the public domain. In this work the Department is greatly indebted to Hon. Felix R. Brunot, president of the Board of Indian Commissioners.

INCREASING DIFFICULTIES OF THE SERVICE.

While there have been no extensive Indian depredations during the year there may have been an apparent increase in the number of petty raids and depredations. These have, without doubt, been magnified and attributed to a supposed failure of the policy, or its want of adaptation to the management of all the tribes. If there really be an increase of these occurrences it is clearly attributable to other causes, and is not unexpected. Our relative position towards the Indians is materially changed within the last few years.

The progress of population, through the instrumentality of railroads and other facilities for travel, has brought the Indians and our frontier population into close proximity over an immense area of country hitherto uninhabited by civilized man, and entirely occupied by the Indian and the buffalo. Where difficulties arise between Indians and whites in our frontier settlements we can no longer, as heretofore, mitigate or avoid the trouble by removing the Indians into a country remote from civilization. We are now compelled to solve the question of preserving order and security between the Indians and whites through a vast region of country, not less than four thousand miles in length by twenty-five hundred in width, extending from the extreme northern and northwestern limits of Washington Territory to the Gulf of Mexico, and from the line which separates the United States from the British possessions in the North to the line which separates the United States from the territory of Mexico in the extreme southwest. Everywhere and in all places throughout this extensive region we are in constant danger of

conflicts between our savage wards and our white citizens. The statement here made, if properly considered, will suggest to the reflecting mind how greatly increased are the difficulties of preserving peace, and securing everywhere the lives and property of our progressive and enterprising western settlers. We must look for and prepare to prevent, as far as possible, a clashing of interests where habits are so diverse.

Our civilization is ever aggressive, while the savage nature is tenacious of traditional customs and rights. The natural distrust of the Indians, embittered by generations of real or fancied imposition and wrong, coupled with the greatly increased facilities and temptations for hostile raids and petty outrages is probably more than Indian nature can withstand, and it will be difficult to avoid for a time an increase of such occurrences. This condition of things calls loudly for more efficient efforts to separate the Indians from the whites by placing them on suitable reservations as fast as circumstances will permit to avoid such collisions in the future.

THE MODOC WAR.

The most serious difficulty which the Indian Office and the Department have encountered during the year with any Indian tribe is that known as the Modoc war. As soon as I had reason to anticipate serious hostilities from the Modocs every possible effort was made by the Department and the Indian Bureau, co-operating with the War Department, to adjust the difficulty without bloodshed. So desirable was it to accomplish this end that it was deemed advisable to exhaust all possible measures calculated to secure peace. Unfortunately, however, so much excitement and so strong a desire for revenge were found to exist as to prevent the accomplishment of this object. It would be useless to attempt to trace here the causes which defeated these efforts and ended in the sad catastrophe with which the country is familiar. The final treachery of the Modoc chiefs, which culminated in the assassination of Maj. Gen. E. R. S. Canby, of the Army, and Rev. Edward Thomas, D. D., of California, one of the commissioners treating with him for a peaceful adjustment of the difficulties, and in the serious and dangerous wounding of A. B. Meacham, of Oregon, another member of the commission, rendered it necessary to inflict upon this tribe not only severe but exemplary punishment. This was accomplished, first, by the Army in totally subduing the Modocs and capturing most of the tribe, in the trial and conviction by court-martial, and finally in the execution of the most notorious and wicked leaders of the tribe. This being accomplished you deemed it advisable, if possible, to make this the occasion of furnishing to other Indian tribes an example calculated to deter them in future from the commencement of hostilities. To do this most effectually it was deemed best to remove the entire remnant of the tribe to this side of the Rocky Mountains, to break up its tribal relations and divide the members thereof among certain friendly Indians in the Southern superintendency. This work is now in process of accomplishment,

the entire body having been removed to the location indicated. It is now the intention of the Government to separate the members of this tribe and place them with different bands of Indians, taking care in doing this not to separate families, and to keep together, as far as possible, women and children whose husbands and male relatives were destroyed in the conflict.

The Indian is greatly attached to his tribal organization, and it is believed that this example of extinguishing their so-called national existence and merging their members into other tribes, while in reality a humane punishment, will be esteemed by them as the severest penalty that could have been inflicted, and tend by its example to deter hostile Indians in future from serious and flagrant insurrections.

The experience which the Modoc difficulty has furnished the Indian Office will, it is believed, enable that office to take measures calculated to prevent the recurrence of like difficulties under similar circumstances.

THE INDIAN TERRITORY.

The condition of the so-called Indian Territory is practically unchanged during the year, although progress has been made in the permanent location of additional tribes therein. The lawless condition of the Territory, the growing insecurity of life and property, and the manifest indisposition of the tribes there resident to accept voluntarily any improved form of government whereby existing difficulties might be avoided, would seem to call for some legislation to effect an improvement in the status of the Territory. It is to be regretted that the Ocmulgee constitution, with the amendments heretofore suggested by you, was not adopted by the council of tribes to whom it was submitted, as I am well convinced that such action on their part would have been attended by the most beneficial results. Recent information induces the belief that the opposition heretofore offered to those amendments by the Indians will be withdrawn at the next meeting of their council, and that the constitution will be adopted as amended. If it shall not be adopted, and Congress shall not deem it advisable to erect a territorial government within the Indian Territory, I trust that the necessary legislation may be obtained to at least provide for the organization of a court or courts therein, under the jurisdiction, so far as the appointment of the judicial officers is concerned, of the Federal Government. The necessity which now compels the resort to a court in an adjoining State involves a burden of expense to litigants as well as to our Government which operates as almost a bar to justice, and produces a condition of anarchy throughout the Territory under which life and property are in jeopardy to an extent almost equal to that in territory occupied by tribes making no pretense of civilization.

MISSION INDIANS OF CALIFORNIA.

Attention is invited to the condition of the so-called Mission Indians of Southern California, as set forth in the interesting report of the

special agent sent to investigate their condition, and which accompanies the report of the Commissioner of Indian Affairs. Their past history and present condition, the treatment they have received from their white neighbors and from the Government, offer the strongest reasons for legislation in their behalf that they may be enabled to secure to themselves homes and the protection of the law.

CO-OPERATION OF THE WAR DEPARTMENT, ARMY, INDIAN COMMISSIONERS, ETC.

I take pleasure in being able to say that this Department has had during the past year the cordial and earnest co-operation of the Secretary of War and the officers of the Army in carrying out its policy of dealing with the various Indian tribes. This, with the valuable aid and assistance which has been rendered by the Board of Indian Commissioners, and especially its President, Hon. Felix R. Brunot, and the various religious organizations by whom the Indian agents of the Government are selected, has materially aided the Department in its difficult and complicated labors. A continuance of this work, sustained by the other branches of the public service just referred to, will, I have no doubt, in a few years, result in greatly improving the moral and physical condition of the Indians, and in giving security to our frontier settlements from Indian depredations, as well as in laying a permanent foundation for the progress of our various Indian tribes in the pursuits of peace and civilization.

LANDS.

During the fiscal year ending June 30, 1873, public lands were disposed of as follows:

	Acres.
Cash sales.....	1,626,266.03
Located with military warrants.....	214,940.00
Taken for homesteads.....	3,793,612.52
Located with agricultural-college scrip.....	653,446.41
Certified to railroads.....	6,083,536.57
Certified to wagon-roads.....	76,576.82
Approved to States as swamp.....	238,548.65
Certified for agricultural colleges.....	10,223.29
Certified for common schools.....	76,909.17
Certified for universities.....	51,228.69
Certified for seminaries.....	320.00
Approved to States for internal improvements.....	190,775.76
Indian scrip locations.....	14,222.96
Total.....	13,030,606.87

This quantity exceeds that disposed of during the previous year by 1,165,631.23 acres.

The cash receipts were \$3,408,515.50, a sum greater by \$190,415.50 than that received the previous year.

The surveys amounted to 39,488,132.83 acres, an increase on the quantity surveyed the previous year of 1,037,193.28 acres. The total area of the land States and Territories is 1,834,998,400 acres, of which 616,554,895 acres have been surveyed.

The Commissioner states that the arrearages of work in his office have been diminished, and that its business is now, in most of its branches, in an advanced condition. This business is, however, steadily increasing *pari passu* with the tide of immigration to the frontier; and to keep it in a satisfactory state will require a thorough re-organization of the clerical force. I would respectfully and earnestly invite the attention of Congress to the Commissioner's suggestions on this head, as well as to those concerning the expediency of repealing the pre-emption laws and requiring settlers on the public lands to obtain title thereto under the homestead laws only.

The report of the Commissioner contains much valuable information; the principal rulings of the office and of the Department during the last fiscal year; circulars to carry into effect recent legislation relating to the public domain; all showing this important branch of the public service to be wisely managed by its energetic and capable head.

MENNONITES OF SOUTHERN RUSSIA.

I desire to invite the attention of Congress to a request from a colony of Mennonites, now and for several generations residing in Southern Russia, near the shores of the Black Sea and the Sea of Azov, for a modification of the existing land laws in certain particulars, to enable them to settle upon our public domain in a compact colony.

By a decree of the Russian government this people, numbering between forty thousand and fifty thousand persons, have been deprived of certain immunities which they have enjoyed ever since their first settlement in Russia, and the granting of which had originally induced them to leave their former homes in Prussia and settle in their present place of abode.

It is their desire to come to the United States and to occupy a portion of our public lands in a compact body, with no strangers to their religious faith within the exterior bounds of their possessions. Such exclusive occupancy they deem essential to enable them to carry out their peculiar system of farming, which to some extent involves a community of interest in and occupancy of the lands; and they also wish to avoid, as far as possible, the presence of any disturbing elements in their immediate neighborhood.

The deprivation of the immunities heretofore enjoyed by them does not take effect until the expiration of ten years from June, 1871, the date of the imperial decree. Within that time it is their desire to dispose of their property in Russia, and remove to a country where they may enjoy civil and religious liberty; and they have selected the United States as a place where they can most fully realize such freedom.

In order, however, to enable them to obtain possession of lands in a

compact body, some concessions must necessarily be made from the present requirements of the land laws. I would respectfully suggest that the Secretary of the Interior be authorized to withdraw from sale or entry such lands as they may desire to occupy, for a term of years long enough to enable them to emigrate to this country and settle thereon, and to dispose of such lands to those persons among the emigrants who shall make the proper entry or purchase thereof in accordance with existing laws. Should they desire to settle within railroad limits, the authority should enable the withdrawal, in like manner, of the alternate sections belonging to the Government. It is possible that the entire body of emigrants may not desire to locate in one colony, but would prefer the selection of two or more colonies or locations. It would be well, therefore, to confer such discretion on the Secretary of the Interior as would enable him to meet their views in that regard. The entire area they will probably require will be about 500,000 acres.

POSSESSORY RIGHTS OF BRITISH SUBJECTS IN THE TERRITORY CONFIRMED TO THE UNITED STATES BY THE DECISION OF THE EMPEROR OF GERMANY.

The Secretary of State has called my attention to a communication from Sir Edward Thornton, the British minister, who, under instructions from his government, has asked the consideration of the case of those persons, subjects of Great Britain, who had settled upon the islands between the continent and Vancouver's Island, which were confirmed to the United States by the decision of the Emperor of Germany. And the Secretary of State, after calling the attention of the Department to this subject, has inquired whether he may be justified in saying to the British minister that this Department will be prepared to recommend to Congress any legislation on this subject at the approaching session, and also to ask, in case any legislation will be recommended, that, if there be no objections, he may be informed of the provisions which Congress will be asked to enact into a law.

The third article of the treaty of June 15, 1846, above referred to, is in the following words :

In the future appropriation of the territory south of the forty-ninth parallel of north latitude, as provided in the first article of this treaty, the possessory rights of the Hudson's Bay Company, and of all British subjects who may be already in the occupation of land or other property lawfully acquired within the said territory, shall be respected.

The construction placed upon this article of the treaty by those most familiar with its history is that the possessory rights of the Hudson's Bay Company, and all British subjects who were in the occupation of land or other property within said territory at the date of the treaty, are the only possessory rights to be respected. I have concluded to follow this construction.

I have therefore advised the Secretary of State that this Department

will be prepared to recommend to Congress the passage of a law providing in substance as follows:

First. For the appointment of a commission to make, and report to the Secretary of the Interior, a list of the British subjects within said territory at the date of the treaty of June 15, 1846, with a description of the lands actually occupied by each at that time.

Second. That such parties shall have one year from the date of the filing of such report with the Secretary of the Interior in which to enter and pay for the lands so occupied by them, at the ordinary minimum price per acre where the lands are outside of railroad limits, and at double minimum price where the lands are within railroad limits. The entry to be according to legal subdivisions so as to include the improvements of occupants, and where two or more parties shall have improvements on the same smallest legal subdivision, that they may be entitled to make joint entry.

Third. That in case entry and payment are not made within one year from the time when the report of the commission is filed in the office of the Secretary of the Interior, all possessory rights under the treaty shall be considered forfeited, and the lands shall thereafter be deemed and treated as part of the public domain, to be disposed of as other public lands.

I have therefore respectfully to recommend the adoption by Congress of some measure which will embody the principles contained in my communication to the Secretary of State herein referred to.

Should Congress be of opinion that the construction of the third article of the treaty of 1846 which I have adopted is incorrect, and that it should be so interpreted as to embrace the possessory rights of all persons who were occupants of land or other property, lawfully acquired, at the date of the award of the Emperor of Germany, before referred to, it will be in their power to enlarge the scope of the measure which I here recommend so as to include this class of persons.

If grave doubts are found to exist in regard to the interpretation of this article, and if, in view of such doubts, it shall appear to Congress that some equitable provision should be made for such persons as may have acquired possessory rights within the territory after the date of the treaty of 1846, it will be in the power of Congress to make such provision for these equitable rights as in its wisdom may be deemed advisable.

Should such doubts arise, it may be proper, if any legislation is had for the protection of the equitable rights of persons coming into the territory after the date of the treaty, that it be limited so as to prevent any occupant of this class acquiring more than one quarter-section of land.

THE GROWTH OF TIMBER ON THE PUBLIC DOMAIN.

On the 3d of March last an act was approved entitled "An act to encourage the growth of timber on western prairies," the first section

of which provides, "That any person who shall plant, protect, and keep in a healthy, growing condition, for ten years, forty acres of timber, the trees thereon not being more than twelve feet apart each way, on any quarter-section of any of the public lands of the United States, shall be entitled to a patent for the whole of the said quarter-section, at the expiration of said ten years, on making proof of such fact by not less than two credible witnesses: *Provided*, That only one quarter in any section shall be thus granted."

The Commissioner of the General Land Office, in preparing rules and regulations under the sixth section of the above act, in order to carry its provisions into effect, refused to permit more than one entry of a quarter-section to be made by any one person.

It is claimed, on the other hand, that this act permits any person to make entry of as many quarter-sections as he sees fit.

While it may not be perfectly clear that the ruling of the Commissioner is according to the true legal interpretation of the act, it seems to me that it is in accord with the general purpose of Congress in disposing gratuitously of the public domain, and that to allow a contrary interpretation would be to encourage the incumbrance of the public domain, by entries of this character to a large amount, by persons whose circumstances enable them to make the necessary expenditures, whereby the public lands would be withdrawn from the free and easy settlement now secured to persons of moderate means; and that, in this manner, considerable inconvenience and injustice to pre-emptors and homestead-settlers would necessarily ensue.

I have deemed it best, therefore, to sustain the construction put upon the act by the Commissioner of the General Land-Office, and, in this manner, to invite the attention of Congress to the subject, so that, if deemed necessary, they may declare distinctly the right of any one individual to make as many locations as he sees fit under the aforesaid act.

PATENTS.

During the year ending September 30, 1873, there were filed in the Patent Office 20,354 applications for patents, including re-issues and designs; 283 applications for the extension of patents; and 519 applications for the registering of trade-marks. Twelve thousand nine hundred and seventeen patents, including re-issues and designs, were issued, 235 extended, and 965 allowed but not issued by reason of non-payment of the final fee; 3,274 caveats were filed, and 475 trade-marks registered. The fees during the same period from all sources amounted to \$701,626.72, and the total expenditure to \$699,449.69, making the receipts \$2,177.03 in excess of the expenditure. The appropriation asked for the fiscal year ending June 30, 1875, is \$693,500.

The excess of receipts over expenditures for said year is not, nomi-

nally, so great as during previous years. This is explained by the following statement of the Commissioner:

The publication of the Official Gazette of the office requires an annual expenditure of \$40,000, but a small portion of which is at present returned to the office by subscription. It has been deemed advisable to publish an edition of 10,000 copies, although less than half of that number are now distributed. Subscriptions, however, are being constantly received, and the back numbers are invariably called for. The Commissioner expresses his conviction that the entire edition will be exhausted within a few years. During said year the cost of printing the current drawings for the office has been paid from the appropriations made for the Patent Office. Previously that expense had been defrayed from appropriations made for the Government Printing Office. This expense, amounting to \$40,000 annually, has thus been added to the regular expenditures of the office; but it is, in effect, only a transfer from appropriations made for the Government Printing Office to those for the Patent Office. The sum of \$60,000 has been expended in the reproduction of old drawings, but this amount appears to be no part of the current expenses of the office. The Commissioner states that in a few years all of the old drawings will be reproduced in such quantities as will supply the future demand for them. He considers the amount thus expended well invested, not only financially, but with reference to the intelligent advancement of the manufacturing interests of the country. The drawings are being sold for more than their actual cost, and it is believed that a greater amount will eventually be received from their sale than has been expended for their reproduction.

The items above referred to amount to \$140,000, which sum has been added, during the year ending September 30, 1873, to the regular current expenses of the office in previous years, and has absorbed almost the entire amount of the excess of receipts over expenditures which would otherwise have existed.

The Commissioner again earnestly invites attention to the great want of additional room for the proper transaction of official business, stating that it is utterly impossible to properly classify the work of the office, in order to insure its being economically and properly done, in the present crowded state of the files, records, and exhibits.

PENSIONS.

There are now borne upon the pension-rolls the names of 445 widows of soldiers in the revolutionary war, a decrease of 26 since the last annual report. The names of 1,105 widows and children of soldiers who served in the wars subsequent to the Revolution and prior to the late rebellion, excepting the war of 1812, are borne on the rolls, being 52 less than the preceding year.

During the year ending June 30, 1873, there were examined and allowed 6,422 original applications of soldiers for invalid pension, at an aggregate

annual rate of \$413,344.50; 20,946 applications of soldiers for increased pension, at an annual aggregate rate of \$920,930.25; and 251 applications of invalid pensioners for restoration to the rolls, at an aggregate yearly rate of \$12,868.92. The number of claims for increased invalid pensions of soldiers is greatly in excess of previous years, owing to the liberal provisions of the act of June 8, 1872; 15,505 claims, or more than three-fourths of the number above named, having been admitted under said act. During the same period 3,949 original pensions to widows, orphans, and dependent relatives of soldiers were allowed, at an annual aggregate rate of \$520,802.07; 545 applications of the same class for increase of pension were admitted, at a total yearly rate of \$20,108.87; and 73 applicants of that class were restored to the rolls, at an aggregate annual rate of \$8,034. The whole number of Army claims for pensions, original, increase, and restoration, and exclusive of those of the war of 1812, which were allowed during the said year, was 32,186, and the annual amount of pension thus granted was \$1,896,088.61. At the close of the last fiscal year there were borne on the rolls the names of 99,804 invalid military pensioners, whose yearly pensions amounted to \$9,627,240.09; and of 112,088 widows, orphans, and dependent relatives of soldiers, whose annual pensions amounted to \$13,962,764.39; making the aggregate number of Army pensioners 211,892, at a total annual rate of \$23,590,004.48. The whole amount paid during said year to invalid military pensioners was \$10,564,825.51, and to widows, orphans, and dependent relatives, \$15,388,644.75; a grand total of \$25,953,470.26, which includes the expenses of disbursement.

During the same year there were admitted 129 new applications for invalid Navy pensions, at a total yearly rate of \$15,421; 239 applications of the same class for increase of pension, at an annual aggregate rate of \$11,086; 1 application of that class for restoration to the rolls, at an annual rate of \$48; 124 original applications of widows, orphans, and dependent relatives of those who died in the Navy, at an aggregate yearly rate of \$20,184; 31 applications of the same class for increase of pension, at a total annual rate of \$1,500; and 6 applicants of that class were restored to the rolls, at an aggregate annual rate of \$1,200. The total number of Navy claims, original, increase, and restoration, admitted during said year, was 530, the annual pension thereby granted amounting to \$49,439. At the close of said year there were borne on the rolls of Navy pensioners the names of 1,430 invalids, whose yearly pensions amounted to \$150,537.75; and of 1,770 widows, orphans, and dependent relatives, at a total yearly rate of \$280,550, making the whole number of such pensioners 3,200, at an aggregate annual rate of \$431,087.75. The total amount paid during the last fiscal year to Navy invalid pensioners was \$160,971.98, and to widows, orphans, and dependent relatives, \$302,936.71, a total amount of \$463,908.69.

Prior to June 30, 1873, 39,331 claims of survivors and of widows of

soldiers in the war of 1812 had been received, of which number 2,780 were filed during the last fiscal year. There were pending on the 30th day of June, 1872, 11,580 claims of this character, which, added to the number received during the succeeding year, makes a total of 14,360 claims which were before the office for adjudication during said year. Of these there were allowed during the year 3,186 claims of survivors, at a total yearly rate of \$305,856; 2,242 claims of widows, at an aggregate yearly rate of \$215,232; 16 claims of survivors and 6 of widows for restoration, at a total annual rate of 2,112; making the total number of claims of this character allowed during said year, 5,450, and the annual amount of pensions thus granted, \$523,200. During the same period there were rejected 3,933 claims of survivors and 2,082 of widows a total of 6,015 claims. On the 1st instant there were pending 2,895 claims of this description, more than half of which are believed to be without merit, and will probably be rejected. The total amount paid during the year to survivors of the war of 1812 was \$2,078,606.98, and to widows, \$689,303.69, a total amount of \$2,767,910.67, including the expenses of disbursement.

The number of original pensions of all classes granted during the past fiscal year was 16,405. During the same period there were dropped from the rolls, from various causes, 10,223 names, leaving a net addition to the pension-rolls during said year of 6,182 names. The whole number of pensioners of the Government on the 30th day of June, 1873, was 238,411, whose annual pensions amount to \$26,259,284.23. The amount paid during said year for pensions of all classes, including the expenses of disbursement, was \$29,185,289.62, being \$984,050.38 less than the amount paid during the preceding year.

Three hundred and forty bounty-land warrants were issued during the year for 52,160 acres, being 15,880 less than the number of acres issued for the preceding year. During the same period 1,398 persons availed themselves of the benefits of the act of June 30, 1870, providing for artificial limbs and apparatus for resection, or commutation therefor, of whom 1,332 preferred the latter.

On the 30th day of June, 1873, there were on file, unadjusted, 32,054 claims for invalid pension, 29,615 claims of widows, orphans, and dependent relatives, and 3,004 claims of soldiers and of widows of soldiers in the war of 1812, making a total of 64,673 unadjusted claims, a decrease of 17,845 since the last annual report.

The Commissioner, in his report, refers to certain defects in the system which has obtained with respect to the establishment of claims for pension, and expresses the opinion that, until such defects are remedied by new legislation, there is no adequate security to the Government against dishonest claimants. The work of investigating frauds, committed by dishonest claimants and attorneys, has continued during the year, with its customary good results. The direct saving to the Government effected by these investigations is many times greater than the sum

expended in making them, and sound policy dictates that they should be continued. While the efforts made by those charged with the duty of detecting frauds already committed are generally successful, it is apparent that they are powerless, under the present system of establishing pension-claims, to prevent their commission.

The act of March 3, 1873, provided for the appointment of a "duly qualified surgeon as medical referee," and of such other "duly qualified surgeons (not exceeding four)" as assistants to such referee. This legislation supplied a want which had long existed in the administration of the office. Inasmuch as in a large proportion of claims for invalid pension the question of title thereto is purely of a medical character, it had been found necessary in past years to organize a medical division in the office, but no direct provision therefor was made by law until the passage of said act. That division is now organized upon a legal basis, and is in the charge of a chief whose official position is established by law. An accomplished surgeon, who had previously been in charge of the medical division, was appointed medical referee, and his four assistants were selected from among those of the clerical force of the office who, upon a competitive examination, conducted with reference to the special qualifications required, were found to be the most competent for such positions. The certificates of the examining surgeons of pensions constitute a very important feature of claims of invalids, inasmuch as they prescribe in a great measure the rates of pension allowed. In order to guard against an improper expenditure of the public money, on the one hand, and to insure justice to claimants on the other, it is essential that such certificates should be the result of the best medical judgment attainable, and that they should be analyzed and corrected by the office, so as to secure proper and uniform rating of pensions. The roster of examining surgeons is constantly undergoing changes with a view to greater efficiency, and its members have been thoroughly instructed in respect to their duties. An evidence of the efficiency with which the medical division has labored in this direction is shown by the fact that only about five per cent. of the certificates of examination are at present returned for correction to the surgeons making them, whereas two years ago about forty per cent. thereof was returned for that purpose. The improvement in the character of such certificates, and the careful and intelligent supervision of them by the medical division, has resulted in a more uniform and equitable adjudication of claims for invalid pension than has ever been attained hitherto in the practice of the office.

The Commissioner suggests that the law in relation to pensions of Indians be amended in certain particulars, so as to enable the office to do justice to a class of persons whose equitable claims upon the bounty of the Government have been long delayed.

Owing to recent modifications of the pension laws, which compelled the re-adjustment of an unusual number of claims, the work of the office

has been largely increased, and the biennial examination of pensioners, made in September last, also entailed upon its clerical force much additional labor. Some delay has thus been caused in the ordinary routine business of the office, but it is confidently believed that the force now employed will soon be equal to the demands made upon it. The biennial examinations above referred to were so recently made, that, at the date of the Commissioner's report, sufficient returns therefrom had not been received upon which to base an opinion as to the probable result with respect to the annual pension appropriation.

The Commissioner represents the necessity for a re-organization of the office by creating heads of divisions, whose duties shall be defined by law, and whose compensation shall be commensurate with the responsibility imposed upon them.

The amount that will probably be required for the pension service during the next fiscal year is \$30,480,000. The same amount was asked for and appropriated for the current fiscal year. There would have been a considerable decrease in the amount now asked for had it not been for the new legislation contained in the act of March 3, 1873. Under that act widows of officers are entitled to additional pension on account of minor children by such officers, and a single minor child of a deceased soldier is also entitled to additional pension. In both of these cases, hitherto unprovided for, arrears of the additional pension are due since July 25, 1866. A considerable sum will also be required to satisfy claims on account of permanent specific disabilities for the increased rates provided for in said act.

EDUCATION.

During the past year this office has steadily pursued the course of work laid down for it by law. The library of the Bureau has received important accessions, especially of foreign educational reports and literature. About 7,000 volumes and 36,000 pamphlets, published by the Bureau, have been distributed during the past year.

In accordance with the expressed wishes of the Department of State and of the General Director of the Vienna Exposition, the Bureau of Education, during the winter of 1872-'73, took measures to procure and forward to the exposition specimens of school-books, charts, school furniture, educational reports, catalogues of libraries, and other appropriate matter. These were duly exhibited in Group XXVI of the exposition, with additional material collected by similar efforts; and the collection thus gathered in Vienna has, during the past summer, been an object of profound interest to the great assembly of educators, scientists, and intelligent observers who visited that city. As a recognition, in the words of the awards, of its "distinguished services in the cause of education, and for important contributions to the exposition," a grand diploma of honor (the highest prize given) was awarded to the Bureau.

Three other grand diplomas of honor, viz, to the State of Massachusetts, the city of Boston, and to the Smithsonian Institution, respectively, as well as many medals and diplomas of merit to various cities of the United States for their contributions to the educational department of the exposition, were awarded.

The Commissioner recommends an increase of the permanent force of the office commensurate with the increasing amount of work to be done, an appropriation for book-cases and record-cases, additional funds for the publication of circulars of information to meet the increasing demand for the same, the passage of a law requiring annual reports respecting the condition of education in the Territories for the information of Congress and the public, the setting apart of the net proceeds of public land-sales in behalf of public instruction, and the printing of a larger number of his annual report.

CENSUS.

The report of the Superintendent of the Census details the work of that office during the past year, in supervising the printing and publication of the voluminous reports of the ninth census; in adjusting under the act of Congress approved March 3, 1873, the accounts of assistant marshals at the eighth census in the Southern States; in conducting current correspondence; and in placing the records and files of the office in shape for use and reference at future censuses. It will be seen that the three quarto volumes, comprising the complete reports of the ninth census, as well as the compendium provided for by the concurrent resolution of Congress passed on May 31, 1872, have issued from the press since the date of the last annual report of this Department. Eight hundred and twenty-eight accounts of assistant marshals at the eighth census, which have for twelve years been suspended for proof of loyalty, have been adjusted, in a total sum of \$164,341.53, and forwarded to the Treasury Department for payment. The force of the office has meanwhile been rapidly reduced. Now that the last of the great body of manuscript record brought into the Department by the enumeration of 1870 has been arranged, one clerk, it is believed, will suffice, as in the interval between the eighth and ninth censuses, to conduct all the correspondence and perform all the duties relating to this branch of the public service.

At the date of my last annual report the duties of the Superintendent of the Census under my appointment were discharged by the Commissioner of Indian affairs, Hon. Francis A. Walker, who had held the office of superintendent prior to his appointment to the Indian Bureau. On the resignation of Commissioner Walker, February 1, 1873, to accept a position in private life, I requested him to continue his charge of matters relating to the census, in order that the continuity of plan and procedure might not be unnecessarily interrupted. In compliance with this invitation Mr. Walker duly qualified, and has continued to act as

Superintendent of the Census until the present time, without salary, giving to the work so much of his time and attention as was required.

I respectfully renew my recommendation for a census to be taken in 1875, the results of which could be published in season for the centennial celebration of the Independence of the United States. The suggestion to this effect contained in the last annual report of this Department has received the cordial approval of a large portion of the press of the country. It is scarcely possible to doubt that authentic information respecting the increase in population and wealth during any term of five years would well repay its cost in directing our industrial development, as well as through the better information of Congress respecting the condition, wants, and capacities of the people. But there appears to me to be a peculiar fitness in thus ascertaining by official count our numbers and resources at the close of the first century of the national life, and exhibiting to the world, in this conspicuous manner, the wonderful effects wrought by the social, industrial, and political freedom which the people of the United States have enjoyed. I sincerely trust that this measure may receive the early and favorable attention of Congress.

RAILWAYS.

The subscriptions to the stock of the Union Pacific Railroad Company amount to \$36,783,000, of which \$36,762,300 has been paid. The receipts for the year ending 30th June, 1873, from the transportation of passengers were \$3,786,208.20; of freight, \$5,024,998.37; and from miscellaneous sources, \$822,758.52; total, \$9,633,965.09. The entire cost of the road and fixtures to said date was \$112,259,336.53, and the operating expenses of the road for the last fiscal year (ending 30th June, 1873) were \$4,697,999.50. The total bonded indebtedness of the company at the end of that year amounted to \$75,427,512, of which \$27,236,512 is due to the United States. The "floating debt" to same period (not including the company's note for \$2,000,000 issued to the Hoxie contract) amounted to \$1,940,239.73, and "exchange loans," £120,000.

The Central Pacific Railroad Company by consolidation (as heretofore reported) embraces, besides the original company of that name, also the Western Pacific, the California and Oregon, the San Francisco and Oakland, and the San Francisco and Alameda Companies. Stock to the amount of \$62,608,800 has been subscribed, and \$54,275,500 paid. The receipts for the year ending June 30, 1873, from transportation of passengers were \$4,388,307.14, and of freight, \$7,277,482.33; total, \$11,665,789.47. The operating expenses of the road for the year were \$5,349,425.21, leaving net earnings to the amount of \$6,316,364.26. At the close of said year the indebtedness of the company amounted to \$85,433,816.60, of which \$27,855,680 was to the United States.

The stock subscription of the Central Branch Union Pacific Railroad

Company is \$1,000,000, of which \$980,600 has been paid in. The receipts for transportation of passengers for the year ending June 30, 1873, were \$48,591, and for freight \$71,071.91; total, \$119,662.91. The expenses of the road and fixtures have been \$3,723,700. The expense of the road for the fiscal year ending as above stated is \$172,231.44. The company's indebtedness (in addition to the first-mortgage bonds, \$1,600,000, and the Government loan, \$1,600,000) is \$303,058.45.

The amount of stock of the Kansas Pacific Railway Company subscribed is \$9,992,500, and the amount paid is \$9,655,950. Total amount of stock allowed by law, \$10,000,000. The receipts for the transportation of passengers for the year ending June 30, 1873, are \$1,393,633.96; for freight during same period, \$2,285,038.52; miscellaneous earnings, \$69,617.34; total, \$3,748,289.82. The cost of construction and equipment of 639 miles of main line, and 33 miles of branch line (672 miles) has been \$33,392,840.66. The total funded debt of the company is \$27,452,100, of which \$6,303,000 is due the United States. Other liabilities and indebtedness, \$2,996,148.97; total, \$30,448,248.97.

The amount of the stock of the Denver Pacific Railway and Telegraph Company subscribed and paid in is \$4,000,000. The receipts for the year ending June 30, 1873, for transportation of passengers were \$173,720.58; of freight, \$149,012.42; and from miscellaneous sources, \$13,215.25; total, \$335,948.25. The cost of construction and equipment of the road to the date above stated was \$6,493,800, and the indebtedness of the company to that date was \$2,513,747.16.

Stock of the Sioux City and Pacific Railroad Company to the amount of \$4,478,500 has been subscribed, of which \$1,791,400 has been paid in. The receipts for the year ending June 30, 1873, from the transportation of passengers were \$73,460.84; of freight, \$169,507.36; of mails, \$7,299.98; from express, \$2,617.38; and from miscellaneous sources, \$9,044.56; total, \$261,930.12. The expenses during that period were \$201,164.60, leaving net earnings, \$60,765.52. The indebtedness of the company is \$3,339,743.80, of which \$1,628,320 is due to the United States. This road commences at Sioux City, Iowa, and extends to Fremont, Nebr., where it intersects the Union Pacific Railroad, a distance of $101\frac{7}{10}$ miles.

At the close of the fiscal year ending June 30, 1873, the amount of subscribed stock of the Southern Pacific Railroad Company of California was \$13,189,400; of which \$11,965,400 was paid. Explorations and examinations of former preliminary lines have been continued since the last report amounting to 750 miles; $114\frac{5}{10}$ miles of road have been permanently located, and $64\frac{5}{10}$ completed. Twenty miles of this latter distance is on the route from Tipton to Delano, and 50 miles (commencing at the San Fernando Pass via Los Angeles, thence toward San Bernardino, ending about 29 miles easterly from Los Angeles) on the line from Tehachapi Pass to Fort Yuma. Forty-two and one-half miles have been completed on the branch line in the Salinas Valley. The

cost of the surveys to June 30, 1873, has been \$105,000. The amount received for the transportation of passengers for the fiscal year was \$469,789.63; of freight, \$486,465.37; total, \$956,255. The expenses of the road for the year were \$458,739.14, leaving net earnings \$497,515.86. The indebtedness of the company is shown by their report to be \$8,050,000. The fourth section of 20 miles of this road was accepted by you on the 6th of August last, making the total number of miles miles accepted $90\frac{26}{100}$.

Stock of the Texas and Pacific Railway Company has been subscribed to the amount of \$2,000,000, of which \$200,000 has been paid in. The bonds of the company consist of two kinds, viz, "First-mortgage six per cent. gold-construction bonds," and "First-mortgage land-grant" bonds. Of the former none have been issued. Of the latter, there have been issued in the purchase of consolidated roads, \$4,000,000. The indebtedness of the company is shown by their report to be as follows: Capital stock, (as shown above,) \$2,000,000; land bonds, \$4,000,000; debt Southern Pacific Railroad Company to State of Texas, assumed by the Texas and Pacific Railway Company, \$209,126.31; floating debt, \$790,095.71; "Interest coupons on land bonds," \$140,000; total, \$7,139,222.02. The operating receipts and expenditures of the road for the year ending June 30, 1873, have been as follows: *Receipts*, from passengers, \$104,392.44; freight, \$223,211.99; United States mails, \$5,328; miscellaneous, \$448.43; total, \$333,380.86. *Expenditures*, for conducting transportation, \$51,994.43; maintenance of roadway, \$111,044; cost of running and maintenance of motive power and cars, \$62,370.20; general expenses, \$31,153.56; total, \$256,562.19. Receipts over expenditures, \$76,818.67. There have been 109 miles of this road constructed, and 355 miles graded, bridged, and tied. Since the date of the last report of the company (June 30, 1872) the engineers in charge of the surveys have run over 8,000 miles of instrumental lines, and made 15,000 miles of reconnoissance, developing a country 1,500 miles long east and west, and 150 miles in width north and south, so thoroughly that the line of location from Red River to the Pacific can very nearly be determined. The lines of road surveyed and in part undergoing construction are as follows: *Southern division*, from Longview, Tex., to Fort Worth, 155 miles; *Jefferson division*, from Marshall to Texarkana, 69 miles; *Transcontinental division*, from Texarkana to Fort Worth, 237 miles; *Brazos division*, from Fort Worth to the one-hundredth meridian, about 175 miles; *Pecos division*, from the one-hundredth meridian to Rio Grande River, 412 miles; *New Mexico division*, from Rio Grande to the Pimas Villages, $388\frac{85}{100}$ miles; *California division*, from Pimas Villages to San Diego, Cal., 444 miles; total distance, $1,880\frac{85}{100}$ miles. The greatest altitude reached in crossing the continent is 6,355 feet.

The Atlantic and Pacific Railroad Company's report for the year ending June 30, 1873, shows that \$19,760,300 of stock has been subscribed and paid in. Grading has been done in the Soledad Pass, Cal., and \$8,013.72 expended in grading at this pass, to June 30, 1873. On June

29, 1872, the company leased for a term of 999 years the Pacific Railroad of Missouri, extending from Saint Louis, Mo., to Kansas City, Mo., including Carondelet Branch, (297½ miles,) and assumed the leases to said Pacific Railroad of the following-named lines: Missouri River Railroad, 25½ miles; Leavenworth, Atchison and Northwestern Railroad, 21½ miles; Osage Valley and Southern Kansas Railroad, 25 miles; Lexington and Saint Louis Railroad, 55½ miles; Saint Louis, Lawrence and Denver Railroad, 61 miles. The cost of the surveys of the Atlantic and Pacific Railroad to June 30, 1873, was \$306,357.84. The amount received from passengers on the Atlantic and Pacific Railroad Division, was \$303,357.84; on the Pacific Railroad of Missouri and leased-lines division, \$1,073,981.02 total, \$1,377,338.86. The amount received for freight on the Atlantic and Pacific Railroad Division was \$945,711.69; on the Pacific Railroad and leased-lines division, \$2,587,852.37; total, \$3,533,564.06. The cost of the Atlantic and Pacific Railroad and fixtures, as appears from the accounts of the Treasurer, June 30, 1873, was \$36,262,322.70. The running expenses of the road from 1st July, 1872, to June 30, 1873, were \$692,529.16. The same expenses of the Pacific Railroad of Missouri and leased lines for that period, were \$2,693,926.36; total for the fiscal year, \$3,386,455.52.

The indebtedness of the company is as follows: Bonded debt of the South Pacific Railroad Company, secured by mortgage of lands, assumed, \$7,190,000; Atlantic and Pacific Railroad Company's bonds dated 1st July, 1868—20 years—\$2,945,500; Atlantic and Pacific Company's railroad and land-grant bonds, November 1, 1871, \$1,190,000; same company's central division land-grant bonds, dated November 1, 1871, \$797,922; same company's second mortgage railroad and land-grant bonds, dated November 1, 1871, \$1,272,000; same company's scrip for bonds dated November 1, 1870, \$1,718,438.36; total bonded indebtedness, \$15,113,860.36; floating indebtedness, \$2,758,025.38; total indebtedness, \$17,871,885.74. Assets of cash, debts due company, and securities other than of this company, amounting to \$1,340,070.31, on hand.

Stock of the Northern Pacific Railroad Company, to the amount of \$100,000,000, has been subscribed, and certificates for 172,695 shares of \$100 each have been issued. During the year 1873, the road was definitely located from the mouth of Heart River, on the Missouri, to the mouth of Glendive Creek, on the Yellowstone, a distance of 205 miles. The precise point of crossing the Missouri River has not yet been fixed by the company. The surveys necessary to complete a continuous line across the continent, which were left unfinished last year by reason of the open hostility of the Sioux Indians of Montana and Dakota, have, this year, been brought to a most satisfactory conclusion. A continuous line has been surveyed from Lake Superior to Puget Sound, and the data have been obtained for deciding the final location of the road between the above-named termini. The entire line of route has not as yet been definitely fixed upon. The company reports that "for climate,

soil, quantity, and variety of mineral wealth, and all the elements necessary to the support of a dense population, there is no zone of similar extent and value between the Mississippi River and the Pacific Ocean" as that "of the region lying between and contiguous to parallels 46 and 47 north latitude." The whole amount expended on surveys from the beginning of the work to the 1st of July last is \$1,058,873.74. The extent of line surveyed is 9,388 miles, and, in addition, 2,350 of river-reconnoissance. The amount received from passengers on the road (in Minnesota and in Washington Territory) is \$153,551.97; for transportation of freight, \$393,549.23, which includes a few days of the earnings of June, 1873, in Dakota. The expense of the road and fixtures has been \$20,092,380.09, and the indebtedness of the company is \$29,309,337.40. The word "expense," as used above, is said by the company "to mean the cost of the road proper and its fixtures" only. The company's report states that, on October 1, 1873, trains were running regularly, (both passenger and freight,) engaged in the general traffic from Lake Superior to the Missouri River, a distance of 453 miles, and from Kalama, on the Columbia River, northward, 65 miles toward Puget Sound. Beyond that, a distance of 25 miles of track has been laid, and 15 miles more nearly graded, which, when completed, (about the 1st of December, this year,) will make a continuous road from the Columbia River to Puget Sound, 105 miles. On the 6th of last January you accepted the first 228 miles of the Northern Pacific Railroad in Minnesota, (from its junction with the Lake Superior and Mississippi Railroad, near Thomson, to the Red River of the North;) and, on the 10th of September, 1873, 65 miles of the road in Washington Territory, "on its main line between the city of Portland, Oreg., and its western terminus on Puget Sound." The report of the commissioners appointed to examine the completed portion of the road (195 miles) in Dakota Territory has not yet been received.

On the 11th of March last you accepted $155\frac{35}{100}$ miles of the Missouri, Kansas and Texas Railway, from the $86\frac{76}{100}$ mile (south of the southern boundary-line of Kansas) to Red River, near Preston, Tex. Total number of miles accepted $242\frac{11}{100}$.

I accepted, on the 4th of September last, $84\frac{28}{100}$ miles of the Cairo and Fulton Railroad, lying between Little Rock, in Arkansas, and the southern boundary of Missouri. Application having been made for the examination of the portion of this road lying between Little Rock and Fulton, commissioners have been appointed for that purpose, but their report has not yet been received.

You accepted, November 4, 1872, the final portion ($50\frac{3}{4}$ miles) of the Burlington and Missouri River Railroad, in Nebraska, reported on by commissioners on the 30th October of that year. This makes a total accepted line in that State of $190\frac{3}{4}$ miles.

That portion of the Memphis and Little Rock Railroad from the west

side of the Saint Francis River to a point opposite the city of Little Rock, on the north bank of the Arkansas River, called "Argenta"—91 $\frac{1}{10}$ miles—was accepted by the Department on the 5th of last March.

GEOLOGICAL SURVEY.

The geological and geographical survey of the Territories of the United States, under the direction of this Department, and conducted by Professor F. V. Hayden, United States Geologist, has been continued during the past season with very satisfactory results. The section of country traversed by the survey lies in the central portion of Colorado Territory, lying between parallels 38° and 40° 20' north, and meridians 104° 30' and 107° west, comprising about 20,000 square miles. This area was divided into three districts, and the survey of each intrusted to a party of geologists and topographers. The northern district included the Middle Park; the middle district, the South Park; and the southern district, the San Luis Valley. The whole area, which is about 160 miles long by 130 wide, embraces the most interesting ranges of mountains and the largest group of lofty peaks yet explored on this continent. Besides the parties already referred to, three other parties were in the field, one of which carried on the primary triangulations from the summits of the most important peaks in the area of the survey. These several parties composed, altogether, a complete organization for the purposes of the survey.

A preliminary field-map was prepared last spring, based upon the land surveys made by this Department, which indicated those portions of our territorial domain which were least known, and which promised the most valuable results. The field-work was commenced about the middle of May last, and the parties have all returned from the scene of their labors. The results of the survey are very satisfactory, and the collections in geology, botany, and natural history are as extensive and valuable as those of former surveys.

The geologist in charge requests a deficiency appropriation, to enable him to continue and complete the work of the year, and assigns the following reasons for the occurrence of the necessity for such an appropriation, viz:

The geological survey of the unknown portions of the national domain, especially in the mountainous localities, and those remote from routes of ordinary travel, involves a large expenditure for what is known as an "outfit." In former surveys the materials composing the "outfit" have been sold at the close of the season, for a fair percentage upon their cost; but, at the close of the present season, it was found that the "outfit" could not be sold except at a great sacrifice. It was, therefore, deemed advisable to retain the "outfit" for use during the season of 1874, should Congress authorize a continuation of the survey. The estimated value of the materials of said "outfit" is \$20,000, and the ge-

ologist in charge deems an appropriation for that amount necessary to the completion of this season's work.

In view of the importance to science and to the material interests of the country of the objects of the survey, I recommend the deficiency appropriation asked for, as well as the regular annual appropriation for its continuance.

THE YELLOWSTONE NATIONAL PARK.

I deem it incumbent upon me to refer to the present unprotected condition of the Yellowstone National Park. No appropriation has yet been made for the purpose of opening the park to the public and of enabling this Department to carry into effect the necessary rules and regulations for its government. I am informed that the park has been visited during the past summer by many persons, and that it has been despoiled by them of great quantities of its mineral deposits and other curiosities.

A superintendent of the park was appointed in May, 1872, but there being no appropriation from which his compensation could be paid, his services have, necessarily, been gratuitous, and he could not be expected, under such circumstances, to reside permanently in the park. Applications have been made by various parties for permission to erect buildings and to construct roads within the park. The act of March 1, 1872, confers upon me the necessary authority to grant leases for building purposes; but no leases have been granted, for the reason that sufficient information has not been obtained as to the responsibility of the several applicants. It appears to me to be eminently proper that early steps should be taken by Congress for the protection of this great national wonder from the vandalism of curiosity hunters. This Department should not be held responsible for the condition of the park, so long as there is no money under its control applicable to the ends contemplated by the act of March 1, 1872. The boundaries of the park should be properly surveyed and located, as many persons desire to enter and settle upon public lands contiguous thereto.

CAPITOL.

The architect reports various repairs and improvements made in the Capitol during the past year. There have been provided large coal-vaults for each wing of the building; a fresh-air duct for the heating apparatus of the Senate wing, and a passenger-elevator for the same wing. The galleries of the hall of the House of Representatives have been rearranged, and new chairs and desks for that hall have been provided. The steam-boiler and heating-apparatus have been thoroughly repaired, and many committee-rooms have been refitted, painted, and improved. The architect recommends that while the defective portions of the rooms in

the center building are being renewed, the improvements may be made in a fire-proof manner by replacing the present wooden rafters with iron ones; also, that the remodeling and finishing of the rotunda be made to harmonize with the vault and interior walls of the dome.

First street, which bounds the Capitol grounds on the west, has been paved from Pennsylvania avenue to Maryland avenue with cypress-wood pavement, and the curve at the southwest, from Maryland avenue to New Jersey avenue, is now being paved with granite blocks. Over one hundred thousand loads of earth have been deposited in the grounds south of the Capitol and on south B street. The Capitol grounds are now in a condition for laying out the interior walks and for planting, and the architect recommends the employment of a competent landscape gardener, under whose direction the grounds may be properly laid out and ornamented.

The architect reports that the buildings of the reform-school for the District of Columbia are nearly completed. The main building is so far advanced that portions of it are used as work-rooms. It is expected that said building will be completed before Congress convenes. The family building has been occupied since the middle of last winter.

EXTENSION OF CAPITOL GROUNDS.

Congress, at its last session, appropriated the sum of \$284,199.15 wherewith to complete the purchase, by the United States, of the property embraced in squares 687 and 688, lying adjacent to the square East of the Capitol. The whole of said appropriation has been disbursed through the supreme court of the District of Columbia, and the title to the entire property above described is now vested in the United States. Under authority conferred by the act of March 3, 1873, those of the buildings and other improvements on said property which were not required for public use have been sold at public auction, and the materials have nearly all been removed therefrom. It is expected that the two remaining buildings on square 688 will be removed, and that all the materials yet remaining on both squares will be cleared away, before the meeting of Congress. Litigation may be necessary in order to conclude the sale, at auction, of one of said buildings. I am unable, therefore, to report the exact amount which will have been received from the sale of said improvements. The amount thus far received is \$19,357.44, from which the sum of \$3,619.80 has been paid for advertising, auctioneer fees, extra clerical labor, services of commissioners of appraisement, and the other expenses incident to the purchase of said squares and the sale of said improvements. When the whole expenses shall have been paid, the residue, which will approximate the sum of \$17,000, will be applied to the improvement of the extension, as provided for by law.

This addition to the grounds surrounding the Capitol will bring them into greater harmony with the noble proportions of that building than

has hitherto been the case, and when they shall have been properly laid out and ornamented, they will form an appropriate setting for the National Capitol.

PNEUMATIC TUBE.

Congress, on the 10th day of June, 1872, appropriated the sum of \$15,000 for the purpose of constructing a pneumatic tube to connect the Capitol with the Government Printing-Office, for the transmission of books, packages, &c., "the money to be expended under the direction of the Secretary of the Interior, and the work to be done under the supervision of the architect of the Capitol extension." Pursuant to this provision of law, a contract for the construction of such tube was awarded by said architect on the 20th of June, 1872, and the same was approved by this Department. It was stipulated, in said contract, that the tube should be completed and ready for use on or before the 30th day of June, 1873; but, on the 26th of March last, a resolution was adopted by the Senate, directing me to report to that body, at its next session, all the information in my possession in regard to the non-completion of the tube, the amount expended in its construction, and other circumstances connected therewith. To enable me to answer the resolution intelligently, I designated Joseph Henry, Secretary of the Smithsonian Institution, O. E. Babcock, Superintendent of Public Buildings, and A. M. Clapp, Congressional Printer, as a committee to examine the work done and report to me their views in relation thereto. A copy of their report, together with a detailed statement of all the circumstances connected with the construction of the tube, will be laid before the Senate at its approaching session. The first attempt to lay the tube was unsuccessful, owing to various causes. The contractor, however, is now making another endeavor to construct such a tube as will accomplish the purposes intended, and informs me that the tube will, probably, be completed before the 1st of January next. His present operations are conducted at his own expense, so that no further appropriation by Congress will be necessary to its completion.

BENEVOLENT INSTITUTIONS.

INSANE ASYLUM.

During the year ending June 30, 1873, there were under treatment at the Government Hospital for the Insane 762 patients, of whom 413 were from the Army and Navy, and 573 were males. Two hundred and one patients were admitted during said year; 66 were discharged as recovered, 24 as improved, and 7 as unimproved. The recoveries were 68 per cent. of the discharges including, and 46 per cent. excluding deaths. During the same period 45 patients died, leaving under treatment at the close of said year, 620 patients, of whom 468 were males. Sixty-nine of those treated during said year were private or pay-patients, of

whom 24 were discharged, 4 were transferred to the list of indigent patients, and 41 remained under treatment at the close of the year. 3,348 persons, of whom 1,634 were native-born, have been treated in the hospital since it was opened. The general health of the hospital has been very good.

The expenditures for the past fiscal year amounted to \$136,992.43. The amount received for board of private patients was \$9,744.86, and that from the sale of live stock, &c., \$2,247.57. The products of the farm and garden during the year were estimated as worth \$17,763.25, and the value of the live stock, farm and garden implements, &c., belonging to the institution, is estimated at \$16,418.20.

In addition to the regular expenditures for the support of the hospital, there has been expended the sum of \$37,800 in the erection of an extension of the wards for the excited class of patients, and \$6,000 for heating boilers. There are now owned by the United States and devoted to the objects of the hospital a little upwards of 419 acres of land; 360 acres are embraced in one nearly complete parallelogram, and the remainder comprises a single tract, conveniently situated for grazing, or for the cultivation of the staple annual crops. The tract of 185 acres, originally purchased for the hospital, and within which its buildings are situate, is inclosed by a wall nine feet high, excepting on the river front.

The board of visitors submit the following estimates for the year ending June 30, 1875, viz:

For support of the institution, \$140,785; for repairs and improvements, \$15,000; for completing the river wall, and raising the boundary walls at their intersection with the former, \$8,748; for the erection, furnishing, and fitting-up of an extension of the center building of the hospital, \$35,956; for a coal vault in the rear of the east wing, \$2,500; for the erection, furnishing, and fitting-up of an extension of the west detached building for patients, \$12,000, and to supply deficiencies for the current year, \$11,366; a total of \$226,355.

DEAF AND DUMB INSTITUTION.

On the 1st instant there were 108 pupils in the Columbia Institution for the Deaf and Dumb, 34 of whom were received since July 1, 1872. Of these 60 have been in the collegiate department, representing seventeen States and the District of Columbia, and 48 in the primary department. One hundred and eight pupils have been under instruction since July 1, 1872, of whom 92 were males. Three students, having passed satisfactory examinations in the entire course of studies, received the degree of Bachelor of Arts. The health of the institution was excellent, not one death having occurred during the year.

The receipts for the support of the institution, during the last fiscal year, exceeded the disbursements \$821.39, as they did also for the improvement of the grounds, \$1,626.19.

The board of directors report that, in completing the purchase of the Kendall Green property, toward which Congress, in 1871, appropriated

the sum of \$70,000, a balance of indebtedness remains, unprovided for, of \$10,697.46. It had been hoped by the board that this amount could be raised by private subscription, but owing to the fact that the title to all the real estate of the institution is vested in the United States, this expectation, it is feared, will not be realized, as those who are called upon for subscriptions are disposed to decline aiding what has, practically, become a Government institution. No estimate of an appropriation for the amount is submitted by the board, but they invite attention to the indebtedness, representing the importance of securing the possession of this valuable property, and trust that Congress will be disposed to make an additional appropriation for the purpose.

The following estimates are submitted by the Board of Trustees for the ensuing fiscal year :

For support of the institution, salaries and incidental expenses, including \$500 for books and illustrative apparatus, \$49,500 ; and for continuing the work of erecting, furnishing, and fitting up of the buildings of the institution, in accordance with plans heretofore submitted to Congress, including necessary repairs to the completed portion thereof, \$54,000 ; a total of \$103,500. The directors state that the estimate of \$54,000 for building purposes is greatly needed to complete the college building, and to provide for the erection of two houses for professors. The college building has been in an incomplete condition for nearly seven years, and requires enlargement for the increasing wants of the institution. The plans submitted with the ninth report of the institution showed the necessity of ultimately erecting six dwelling houses for its officers, as it was considered to be to the interests of the institution for its officers to reside on the premises. Two of such dwelling houses have been built, and it is desirable to erect two more at present.

COLUMBIA HOSPITAL FOR WOMEN.

During the last fiscal year 2,285 women received treatment at the Columbia Hospital for Women and Lying-in Asylum. Of these, 2,135 were received during the year, and 1,924 were out-door patients. Twelve hundred and seventeen were restored to health, 542 relieved, 104 discharged as incurable, 9 died, the results are not known in 296 cases, and 117 remained under treatment. Of the whole number treated, 401 were foreign born. The hospital has been remodeled, an additional story and a number of private rooms added, and a thorough system of sewerage, heating and ventilation of the building introduced. The wards and private rooms have been refurnished, and every comfort that can be desired for the sick has been supplied.

The estimates for the next fiscal year are as follows: For the support of the institution, \$24,000, and for the erection of a stone wall around the western and northern portion of the grounds, with stone coping and iron railing, and for grading and graveling the grounds, \$10,000; a total of \$34,000. The directors state that the improvements estima-

ted for are necessary from the fact that the grounds north of the hospital building are twenty feet above the proper grade, and must be graded and terraced to render them serviceable.

NEW JAIL.

Considerable progress has been made during the year in the construction of a jail in and for the District of Columbia, authorized by an act of Congress approved June 1, 1872, to be erected under the supervision of the supervising architect of the Treasury Department, after plans and designs to be prepared by him and approved by a board of commissioners, composed of the Secretary of the Interior, the governor of the District of Columbia, and the chief justice of the supreme court of said District.

At a meeting of said board, held October 22, 1872, certain general plans, designs, and specifications, prepared by said supervising architect, were approved; and at a subsequent meeting, viz, on April 15, 1873, the supervising architect submitted the full working plans and specifications for the jail, which were approved by the board. Under authority conferred by the board, the supervising architect has, at various times, advertised for proposals for such materials as were required in the construction of the jail, and contracts have been awarded to various parties, who were the lowest responsible bidders in each case, for rubble-stone, concrete, cement, sand, ironwork, and cut stone. In each instance the contracts referred to were authorized by the board of commissioners, and have been approved by at least a majority of its members. As the work progresses it will be necessary to award contracts for the necessary flagging, and for a galvanized iron cornice for the building.

The supervising architect reports that the foundation-walls have been laid, the superstructure built up to an average height of eleven feet, and about two-thirds of the necessary grading completed. He states that if no unforeseen difficulties occur, the building will probably be completed within the current fiscal year.

The architect represents that, although the plans for the jail were prepared in view of the amount appropriated for the purpose, viz, \$300,000, unexpected and unavoidable expenses have been incurred in grading the site for the building, and in building a wharf on the Anacostia River, amounting to upwards of \$15,000, which amount he considers to be not properly chargeable to the appropriation for the erection of the jail, and should be refunded thereto; otherwise, an additional appropriation will become necessary. He also states that in order to keep the cost of the jail within the amount appropriated, he was compelled to provide in the specifications for a galvanized iron cornice; for wooden joists and floors to warden's office and chapel wing, and for timber framing and boarding to the roof, with a tin covering to the same. He expresses the opinion that the building should be constructed in a fire-proof manner; that the cornice

should be of stone, and the roof-covering of slate, and states that in order to accomplish these ends and insure a substantial fire-proof building, an additional appropriation of \$100,000 will be necessary.

The supervising architect invites attention to the fact that the building, when completed, will be suitable, not only for the ordinary purposes of a jail, but, also, for those of a penitentiary; and, as the grounds surrounding it are of ample capacity, he strongly recommends that the necessary authority be obtained from Congress for its use as a penitentiary as well as a jail. He states that the additional expense would be comparatively small, as it would involve little more than the cost of the necessary work-shops, and the materials necessary for the construction of a wall to inclose the grounds, which could be entirely erected by the labor of the convicts. He is of the opinion that, if this suggestion were adopted, a large saving in the expense of the jail to the Government would be made, and that, in time, the use of convict labor would constitute a source of revenue to the District of Columbia. He also suggests the importance of providing a separate building for the detention and punishment of female prisoners, which should be under the exclusive charge of female officers. He states that experience has demonstrated that proper prison discipline is impossible when both sexes are confined in the same building, and that, if the reformation of female convicts be intended, they should be committed exclusively to the custody of their own sex. He recommends, therefore, that authority be asked of Congress for the erection of a house of correction for the punishment and reformation of female convicts.

The total expenditures on account of the construction of the jail, up to the 30th ultimo, amounted to \$95,922.60, leaving an unexpended balance of the appropriation of \$204,977.40.

TERRITORIAL PENITENTIARIES.

Congress, by an act approved February 22, 1873, appropriated the sum of \$40,000, to be set apart and paid out of the net proceeds of the internal revenue in the Territory of Washington for the fiscal years severally ending on June 30, 1866, June 30, 1867, and June 30, 1868, for the purpose of erecting, under the direction of this Department, a penitentiary building in said Territory. The sum of \$20,000 had been thus set apart and appropriated for the purpose by an act approved January 22, 1867, but that amount was found to be inadequate for the construction of a proper penitentiary, and an additional sum of \$20,000 was asked for. The act of February 22, 1873, is amendatory of the former act, and provides the same amount for a penitentiary in Washington Territory as had been provided for such buildings in the other Territories.

A site for the building having been selected by the commissioners appointed by the legislative assembly of the Territory, and approved

by this Department, immediate steps were taken for the erection of the building. Proposals were duly invited by public advertisement, and on the 26th of April last a contract for the erection of one wing of the building, in accordance with the plans adopted, was awarded to the lowest responsible bidder. Upon a careful comparison of the proposals it was found that but one wing of the penitentiary could be built within the amount appropriated. By the terms of the contract the building is required to be completed by the 24th of November next, and the latest advices from the superintendent of construction indicate that such requirement will be fulfilled by the contractor. When the building is finished it will be delivered into the charge of the United States marshal for the Territory, pursuant to the provisions of section one of an act of Congress approved January 10, 1871. By a subsequent act approved January 24, 1873, Congress repealed so much of the former act as related to "placing the penitentiaries in the Territories of Montana, Idaho, Wyoming, and Colorado under the care and control of the respective United States marshals for said Territories," and transferred the care and custody of said penitentiaries to said Territories respectively. Inasmuch as the erection of the penitentiary for Washington Territory was not provided for until after the passage of the latter act, and as no reference to said penitentiary is made therein, its provisions are not applicable to that penitentiary, and the building will necessarily remain in the custody of the United States marshal until Congress shall otherwise direct, as in the cases above mentioned.

PUBLIC DOCUMENTS.

Frequent application is made to this Department, by officers of the Government authorized to receive them, for volumes of the United States Statutes and Wallace's Reports of the Supreme Court, to complete deficient sets in libraries and to furnish offices newly created. As the supply of the earlier volumes of the United States Statutes and of Wallace's Reports is entirely exhausted, the Department is and has been for some time past unable to furnish them. I would suggest that a sufficient amount be appropriated to furnish these documents, in order that requisitions for them in future may be filled.

In this connection, I beg to call your attention to the fact that the existing laws regulating the distribution of the standard public documents, such as the United States Statutes at Large, Wallace's Reports of the Supreme Court, the Official Register, and the Pamphlet Laws, are somewhat vague and indefinite in specifying the officers of the Government who are entitled to them. The experience of late years has also demonstrated that the number of copies of the before-mentioned documents allotted to heads of Departments and Bureaus is altogether insufficient to meet the demands of the public business, and some increase should be made in these instances; especially should the number of

copies of the United States Official Register ordered by law to be printed on the assembling of each new Congress be augmented to at least double the number now authorized, which is but 750 copies.

It is highly important that some action should be taken in this matter, with the view of collecting in one comprehensive act the duties assigned to this Department, in connection with the custody and distribution of public documents.

NEED OF ADDITIONAL ROOM FOR THE DEPARTMENT.

In closing this report I desire to invite special attention to the necessity for additional room for the accommodation of the several bureaus of the Interior Department. At the present time almost the entire clerical force of the Pension Bureau, with all its voluminous and valuable files and records, the entire Bureau of Education, and the Geological Survey, are located in buildings owned by private parties, and in the case of the former especially, in a building that is poorly protected from fire. The rapid growth in the business of the Patent-Office will, in a few years, if it does not already, require all of the room in the present Patent-Office building for its occupancy, and measures should be taken at an early day to provide for the accommodation of the other bureaus of the Department in a suitable fire-proof building.

I am, sir, very respectfully, your obedient servant,

C. DELANO,

Secretary.

The PRESIDENT.

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REPORT

OF

THE POSTMASTER-GENERAL.

POST-OFFICE DEPARTMENT,
Washington, D. C., November 14, 1873.

SIR: The ordinary revenues of this Department for the fiscal year ended June 30, 1873, were \$22,996,741.57, and the expenditures of all kinds \$29,084,945.67. For the year ended June 30, 1872, the ordinary revenues were \$21,915,426.37, and the expenditures \$26,658,192.31. In 1873 there was an increase of revenue over 1872 of \$1,081,315.20, or 4.93 per cent., and an increase of expenditures of \$2,426,753.36, or 9.10 per cent. A comparison of 1873 with 1871 shows an increase in revenues of \$2,959,696.15, or 14.42 per cent., and an increase of expenditures of \$4,694,841.59, or 19.24 per cent. The increase or decrease in each item of receipt and expenditure during the fiscal year ended June 30, 1873, as compared with the years ended June 30, 1872, and June 30, 1871, respectively, is shown by table No. 2, accompanying the report of the Third Assistant Postmaster-General.

If, in addition to the ordinary revenues, the Department is credited with the amounts drawn and expended for subsidies to mail steamship-lines, (\$725,000,) it will be seen that the amount drawn from the general Treasury under the appropriations to meet deficiencies during the year was \$5,265,475, against \$3,317,765.94 in 1872. To the deficiency for 1872, however, are to be added the standing appropriations for free matter amounting to \$700,000, which have since been repealed.

The estimated expenditures for the year ending June 30, 1875, are.... \$33,929,912 00
The ordinary revenues, estimated at 13 per cent. over

1873.....	\$25,908,817 00
Estimated revenue from money-order business.....	100,000 00
Estimated revenue from postal-cards.....	1,034,732 00
Estimated revenue from postage-stamps supplied to Departments.....	2,250,000 00

Making the total estimated revenues for 1875..... 29,293,549 00

Leaving a deficiency to be appropriated out of the general Treasury of. 4,636,363 00

The foregoing estimates do not include the following special appropriations in the nature of subsidies:

For mail steamship-service between San Francisco and Japan and China, under acts approved February 17, 1865, and February 18, 1867.....	\$500,000 00
For additional subsidy under act approved June 1, 1872.....	500,000 00
For mail steamship-service between the United States and Brazil, under act of May 28, 1864.....	150,000 00

IV

REPORT OF THE POSTMASTER-GENERAL.

For mail steamship-service between San Francisco and the Sandwich Islands, under act of March 2, 1867	\$75,000 00
Total	1,225,000 00

Of the appropriations for deficiencies there were unexpended on June 30, 1872, the following amounts, viz:

For the fiscal year 1869-'70	\$1,000,000 00
For the fiscal year 1870-'71	2,618,396 00
For the fiscal year 1871-'72	885,633 00
Amount appropriated for the fiscal year 1872-'73	5,700,970 00

A total of..... 10,204,999 00

There were drawn during the last fiscal year, on account of payment, for previous fiscal years, the following:

Of the amount appropriated for 1869-'70	\$152,225 00
Of the amount appropriated for 1870-'71	978,000 00
Of the amount appropriated for 1871-'72	535,000 00
Of the amount appropriated for 1872-'73	3,600,250 00
	5,265,475 00

Leaving the amount of appropriations for deficiencies undrawn and available for payments of indebtedness to June 30, 1873..... 4,939,524 00

Against this sum there are chargeable sundry unliquidated accounts estimated as follows:

For balances to foreign countries.....	\$116,200 00
For mail-service under contract and recognized, but not yet reported	393,643 00
For mail-service still unrecognized	157,000 00
	666,843 00

Leaving, after settlement of all liabilities to June 30, 1873, a net balance of deficiency-appropriations of..... 4,272,681 00

The number of adhesive postage-stamps issued during the year was 601,931,520, representing	\$16,681,189 00
Stamped-envelopes, plain, 65,014,600, representing	1,722,512 00
Stamped-envelopes, "request," 52,201,250, representing	1,544,567 50
Newspaper-wrappers, 13,956,750, representing	140,567 50
Postal-cards, 31,094,000, representing	310,940 00

The whole number of stamps, stamped-envelopes, newspaper-wrappers, and postal-cards was 764,198,120, of the value of..... 20,399,776 00

The increase in the issue of stamps, stamped-envelopes, newspaper-wrappers, and postal-cards is exhibited by the following table:

Description.	Fiscal year ended June 30, 1873.	Fiscal year ended June 30, 1872.	Increase, amount.	Increase, per cent.
Adhesive postage-stamps.....	\$16,681,189 00	\$15,840,649 00	\$840,540 00	5.31
Stamped-envelopes, plain	1,722,512 00	1,663,196 50	59,315 50	3.56
Stamped-envelopes, requests	1,544,567 50	1,391,630 00	152,937 50	10.99
Newspaper-wrappers	140,567 50	175,152 50	*34,585 00	*19.75
Postal-cards.....	310,940 00	310,940 00
Aggregate	20,399,776 00	19,070,628 00	1,329,148 00	6.97

* Decrease.

The number of packages of postage-stamps lost in the mails during the year was three, representing \$59, and of stamped envelopes one, representing \$8.45, and of postal cards none; being the smallest losses ever incurred during any year. This is undoubtedly owing to the fact that all packages of postage-stamps, stamped-envelopes, newspaper-wrappers, and postal-cards are registered, and illustrates in a most effective manner the security of the registry system.

CONTRACTS.

There were in the service of the Department, on the 30th of June, 1873, 5,930 contractors for the transportation of the mails on public routes.

There were, at the close of the year, 2,359 "special" offices, each with a mail-carrier, whose pay from the Department is not allowed to exceed the net postal yield of the office.

Of public mail-routes in operation there were 7,424, aggregating in length 256,210 miles; in annual transportation, 119,909,650 miles; and in annual cost, \$13,635,341. Adding the compensation of railway post-office clerks, route-agents, mail-route messengers, local agents, mail-messengers, and baggage-masters in charge of registered packages, amounting to \$2,525,693, the aggregate annual cost was \$16,161,034.

The service was divided as follows:

Railroad routes: Length, 63,457 miles; annual transportation, 65,621,445 miles; annual cost, \$7,257,196—about 11.06 cents per mile.

Steamboat routes: Length, 16,762 miles; annual transportation, 3,947,785 miles; annual cost, \$799,645—about 20.25 cents per mile.

Other routes, upon which the mails are required to be conveyed with "celerity, certainty, and security:" Length, 175,991 miles; annual transportation, 50,340,420 miles; annual cost, \$5,578,500—about 11.08 cents per mile.

There was an increase over the preceding year in length of routes of 4,812 miles; in annual transportation, 4,925,328 miles; and in cost, \$1,063,077. Adding the increased cost for railway post-office clerks, route, local, and other agents, \$318,749, the total increase in cost was \$1,381,826.

The railroad routes have been increased in length 5,546 miles, and in cost \$754,425, against an increase last year of 8,077 miles in length and \$777,792 in cost.

RE-ADJUSTMENT OF PAY ON RAILROAD ROUTES.

About the 1st of February, 1873, circulars were sent out from the Department to the proprietors of railroad routes in the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, and New York, calling for returns of the amount and character of the mail-service they performed, with a view to the re-adjustment of their pay for the new contract term commencing 1st of July, 1873. The re-

sults are shown in Table E, which contains returns, also, as usual, from routes in other States. The passage of the act approved March 3, 1873, providing for a general re-adjustment of pay on railroad routes upon a showing of the state of the service to be furnished for a period subsequent to June 30, 1873, prevented the use of the returns made under the call of 1st of February, 1873, as data for determining the compensation for the new contract term in the States above named; and, in conformity with the requirements of the new law, the proprietors of all the railroad routes in the country have been called upon to submit new returns for thirty days, commencing 1st of October, 1873, this month being supposed to afford a fair average for the year. The re-adjustment to be predicated upon these new returns, (which are not yet at hand,) will take effect from the commencement of the current fiscal year. Payments have been made for the quarter ended 30th of September, 1873, but with the understanding that they are hereafter to be modified, if necessary, to agree with the character of the new returns. Table F exhibits the re-adjustment of the rates on 52 routes, and the adjustment of rates on 21 new routes, ordered within the year ended 30th of September, 1873, to take effect prior to the close of the last fiscal year. The rates were increased, it will be seen, on 44 routes and decreased on 8, the net increase in the amount of annual pay being \$223,823.55. The 21 new routes included in the table are only a portion of the new routes put in operation, temporary rates, not exceeding the maximum fixed by law for routes of the lowest class, being allowed on the residue in the absence of the usual returns. The number of new railroad routes put in operation during the year ended June 30, 1873, was 61.

POST-ROUTE MAPS.

The work of the topographer has been continued and extended, with good results to all branches of the public service. A large map, in four sheets, on a scale of ten miles to the inch, of the States of Illinois, Missouri, and Iowa, with adjacent parts of Wisconsin, Minnesota, Nebraska, and Kansas, has been finished during the year, and many copies printed and distributed. The increasing demand, already beyond the capacity of the Department to satisfy, for this and the other maps previously published, and the many encomiums bestowed upon them for accuracy, clearness, and neatness of execution, attest the high esteem in which they are held.

FINES AND DEDUCTIONS.

The amount of fines imposed upon contractors and deductions made from their pay for failures and other delinquencies, for the year, was \$75,277.53; and the amount remitted during the same period was \$8,617.08; leaving the net amount of fines and deductions \$66,660.45.

MAIL-BAGS, LOCKS, AND KEYS.

A table appended to this report exhibits in detail the number, description, and cost of mail-bags and mail-catchers, and of mail-locks and keys, purchased under contracts, during the last year. Of locked mail-bags, (used for letters,) there were 8,600; of tied mail-bags, (used for printed matter,) there were 86,650; and of mail-catchers, (used for exchanging mails with postal cars under full speed,) there were 300. The total cost of bags and catchers was \$94,828.40. The total cost of mail-locks and keys, including repairs, was \$28,018.76.

THROUGH MAILS.

The through-mail tables appended hereto exhibit an improvement in the service between New York and San Francisco, the average time westward, during the year ended 30th September, 1873, being 179 hours 4 minutes, a little less than seven and a half days, against 216 hours 23 minutes, or more than nine days, the preceding year; and the average time eastward, 174 hours 59 minutes, a little over seven and a quarter days, against 197 hours 45 minutes, or nearly eight and a quarter days, the preceding year. Between Washington and New Orleans the average time was about four hours more going south, and about three hours less going north, than during the preceding year, the time south being 81 hours 45 minutes, against 77 hours 39 minutes the preceding year, and the time north 72 hours 53 minutes, against 75 hours 38 minutes the preceding year. The usual full details will be found in the tables of the service on the lines running westward from Washington and New York to Cincinnati, Saint Louis, and Chicago.

MAIL DEPREDACTIONS.

The number of recorded complaints for the past year of missing letters was 6,165, of which 3,980 were unregistered and 2,185 registered, containing in the former, as reported, in bonds, drafts, and currency, \$309,123.53, and in the latter \$70,421.91. Of the registered letters, 899 were accounted for, 313 are reported as actually lost, and 973 are still in the hands of special agents for investigation. During the year 302 persons were arrested for various offenses against the postal laws and regulations. Of these, 94 have been convicted, 20 have been acquitted, 193 are awaiting trial, and 95 have been discharged for want of proof sufficient to insure conviction. It is amazing that so many persons will persist in sending money through the mails, thereby subjecting themselves and the public to risk, and tempting the weak to dishonesty and ruin, when the Department provides the means of safe transmission by money-orders at an insignificant cost. Some of the most experienced officers in the service are of the opinion that Congress should adopt such legislation as will prevent the use of the mails for the conveyance of money in letters, and compel the registration of every valuable package.

RAILWAY POST-OFFICES.

A tabular statement hereto appended shows that the number of railway post-office lines in operation on the 30th of June, 1873, was 59, extending over 14,866 miles of railroad and steamboat routes—an increase of 2 lines and 749 miles over the preceding year. The number of clerks employed was 752, at an annual cost of \$941,000—an increase of 103 clerks and \$119,400. Upon 12,312 miles the service is performed daily; upon 2,533 miles twice daily, and upon 21 miles four times daily, equivalent in all to 17,462 miles each way daily. Counting all the lines both ways, the aggregate service is 34,925 miles daily.

FOREIGN MAILS.

The total number of letters exchanged during the year with foreign countries was 27,459,185, an increase of 3,096,685 over the number reported for 1872. Of this number, 14,332,674 were sent from and 13,126,511 were received in the United States.

The number of letters (single rates) exchanged in the United States and European mails was 19,585,514, an increase of 1,902,515 over the number reported for 1872.

The total postages on the letters exchanged with foreign countries amounted to \$2,021,310.86, an increase of \$150,053.61 over the amount reported for 1872.

The aggregate amount of postage (sea, inland, and foreign) on the letter-mails exchanged with the United Kingdom of Great Britain and Ireland, Germany, France, Belgium, the Netherlands, Switzerland, Italy, Denmark, Sweden, Norway, and Spain, was \$1,406,507.50, an increase of \$102,653.45 over the amount reported for 1872. The postages on letters *sent* exceeded the postages on letters *received* from the same countries, in the sum of \$22,934.58, being 1.63 per cent. of the aggregate amount. The postages collected in the United States amounted to \$865,511.47, and in Europe to \$540,996.03; the excess of collections in the United States being \$324,515.44, or 23 per cent. of the entire postage receipts on European correspondence.

Comparing the year 1873 with the year 1872, the rate of increase in the total number of letters exchanged with foreign countries was 12.7 per cent., and the rate of increase in the amount of postages thereon was 8 per cent. The increase in the number of letters exchanged with European countries was 10 $\frac{3}{4}$ per cent., and the increase of postages thereon amounted to 7 $\frac{7}{8}$ per cent.

The total weight of mails exchanged during the year with European countries was 1,825,397 pounds, (over 912 tons,) an increase of 184,708 pounds, or 92 tons, compared with the previous year. The weight of letter-correspondence was 397,339 pounds, and of printed matter and samples, 1,428,058 pounds. The aggregate weight of mails *sent* to Europe was 899,580 pounds, and of mails *received* from Europe 925,817 pounds. The

weight of letter-correspondence *sent* to Europe was 211,616½ pounds, and of letter-correspondence *received* from Europe 185,722½ pounds. The weight of printed matter and samples *sent* to Europe was 687,964 pounds, and of printed matter and samples *received* from Europe 740,094 pounds.

The cost of the United States transatlantic mail steamship service for the year 1873 was \$226,745.77, being an increase of \$6,440.07 over the cost of the same service for the year 1872. The payments made to the respective steamship lines conveying mails to Europe, receiving the sea-postages as full compensation for the service, were as follows, viz:

The Liverpool and Great Western, (Williams and Guion line,) for 51 trips from New York to Queenstown.....	\$79,294 42
The Hamburg-American Packet Company, for 52 trips from New York to Plymouth and Hamburg, and four trips from New Orleans to France, Spain, and Hamburg.....	57,958 88
The North German Lloyd of Bremen, for 77 trips from New York to Southampton and Bremen, and also for conveying mails from Baltimore and New Orleans to Bremen.....	33,573 74
The White Star line, for 33 trips from New York to Queenstown.....	29,831 97
The Inman line, for 16 trips from New York to Queenstown.....	14,641 70
The Canadian line, for 52 trips to Liverpool.....	6,065 13
The Cunard line, for 55 trips from Boston to Liverpool.....	4,977 37
The National line, for 2 trips from New York.....	390 49
The Baltic Lloyd line for 1 trip from New York to Stettin.....	12 07
Total	226,745 77

The United States postages on mails conveyed to and from the West Indies, Panama, and Central America, Brazil, Mexico, Bermuda, Nova Scotia, New Granada, and New Zealand, amounted to \$137,517.68, and the cost of the sea conveyance thereof was \$95,525.58. The United States postages on mails exchanged with Brazil, Japan, and China, the Sandwich Islands, New Zealand, and Australia, by means of the subsidized lines of direct mail-steamers, amounted to \$49,829.38. The total cost of the United States ocean mail steamship service for the year 1873, (including \$725,000 paid from special appropriation for steamship service to Japan and China, to Brazil, and to the Hawaiian Islands,) was \$1,047,271.35.

A new contract has been executed with the Pacific Mail Steamship Company, for the additional monthly mail between San Francisco and Hong-Kong, (China,) via Yokohama, (Japan,) authorized by sections 3 and 6 of the act of Congress approved June 1, 1872, which discharges and releases from future responsibility the sureties for said company under the original contract, executed the 29th of August, 1872, and substituted new sureties in their stead. A copy thereof is hereto annexed.

The additional service authorized by the law of June 1, 1872, should have been commenced on the 1st of October, 1873, by American-built iron steamships of not less than 4,000 tons register. The company has, however, failed to comply with its contract, because, as is alleged,

of unexpected difficulties, which retarded the building of the new steamships now being constructed for this service.

The company has submitted a statement of the causes of its failure to place the new ships on the line on the 1st of October last, by which it appears that immediately after the passage of the act of Congress authorizing the additional monthly mail on this route, a contract was made for the construction of two iron screw-steamers of upwards of 4,000 tons register, the hulls of which are now nearly completed, and that the first of these ships will be launched early in December next.

In the month of May, 1872, the Pacific Mail Steamship Company commenced an additional monthly mail service between San Francisco and Japan and China, which has been maintained regularly, with three exceptions, to the present date; for which service the sea-postages on the mails transported have been allowed as full compensation, under the provisions of the general law fixing the rates of compensation for the sea-conveyance of mails; so that a regular semi-monthly mail service is now being performed on the line, although by steamers of less tonnage than that required for the additional monthly service. The company has requested that it may be permitted to continue the service as at present, until it can place the new ships of the required tonnage on the line. It is, doubtless, doing all it can, with its present resources, to comply, in good faith, with the requirements of the contract at an early day; but, as this service was specially authorized by act of Congress, upon certain prescribed terms and limitations, and the success or failure of the enterprise is a question fraught with important national interests, I have not felt at liberty either to annul the contract for the additional monthly service on account of the failure to commence the same on the day fixed by law, or to give any permission or assurance for a continuance of the contract and service as requested by the company. No good reason is, however, perceived why the company should not be permitted to continue the service as at present, until the new ships are completed and placed upon the line, with the understanding that it shall make no claim upon the additional subsidy, or any part thereof, but shall receive the sea-postage only, as heretofore, in full compensation for the additional service, until the contract shall be fully complied with.

Notice was given to this department on the 4th of March, 1873, by the United States, New Zealand and Australia Mail Steamship Company of the withdrawal of its steamers from the route between San Francisco, New Zealand, and the Australian Colonies, via the Sandwich Islands, the effort of said company to establish an American line of mail-steamships on that route having proved unsuccessful.

A postal convention has been concluded with the United Kingdoms of Sweden and Norway, establishing and regulating a direct exchange of correspondence with those kingdoms, at reduced postage charges.

This convention, a copy of which is appended, was carried into operation on the 1st of July, 1873.

A second additional postal convention has been concluded with Belgium, (a copy of which is appended,) reducing, on and after July 1, 1873, the single rate of letter postage from 10 to 8 cents, by closed mail via England, and to 6 cents by direct steamers.

An exchange of postal cards with Canada, and also with Newfoundland, has been established on the basis of a prepaid postage of 2 cents in full to destination in either direction, prepayment thereof to be made by affixing to the card an ordinary 1-cent postage-stamp of the country of origin in addition to the stamp printed or impressed thereon. Copies of the additional articles providing therefor are appended.

A similar arrangement has been concluded with the post-department of North Germany for the mutual exchange of United States and German postal cards, on prepayment of a postage of 2 cents on cards from the United States for Germany, and of one silber groschen on cards from Germany for the United States. The additional articles providing for such exchange are hereto appended.

A proposition to the British office for a like arrangement for an exchange of United States and British postal cards, has been declined by that office.

A postal convention, establishing and regulating an exchange of correspondence between the United States and the empire of Japan, by means of direct lines of steamships plying between the sea-ports of the two countries, has been formally agreed upon and executed with the chargé d'affaires of Japan at Washington, and is to be carried into effect six months after its ratification by the government of Japan.

The basis of a postal convention with France was agreed upon at Paris, in the month of October last, between Mr. Washburne, our minister to France, and the director-general of the French post-office, which fixed the single rate of international postage for letters at 8 cents (40 centimes) per each 10 grams or fraction thereof, to be divided equally between the two countries. The articles of this basis were transmitted to me for consideration, but before any action was taken upon them, the negotiations were transferred to Washington, and renewed through the Marquis de Noailles, envoy extraordinary and minister plenipotentiary of France, for the avowed object of obtaining such an increase of letter-postage as would guarantee to France her full interior letter rate of 20 centimes. The proposition to increase the single rate of letter-postage from 40 to 50 centimes, and other changes of the basis agreed upon at Paris relating to the standard weight for letters and a just division of the expenses of intermediate sea-transportation, were fully considered at several interviews had with the Marquis de Noailles, but without result. I objected to increasing the letter-postage, because of my earnest desire to establish a letter rate approximating in some degree to the much cheaper rates established

between the United States and Great Britain, Germany, and other leading countries of Europe. I was also unwilling to accept the French domestic letter standard of 10 grams, because, being exceptional, and differing from our domestic standard of one-half ounce, which is also used in rating postage on letters exchanged with all other countries, it could not be applied at our post-offices without serious embarrassment and difficulty, resulting from mistakes in collecting the proper amount of postage, and consequent additional charges at destination. At length, finding it impossible to conclude a satisfactory arrangement on the ordinary plan of optional prepayment of postage, and wishing to divest the subject of the perplexing questions of disagreement, I submitted the simple proposition for a postal convention on the plan of "compulsory prepayment, with no accounts," the main features of which were: An international letter-postage of 9 cents, and the nearest equivalent thereof in French money; prepayment obligatory, the mailing country to retain to its own use all the postage it collects, and the receiving country to deliver at destination free of charge; each country to levy and collect postage by the standard weight adopted for its domestic mails, and to defray the expenses of intermediate transportation of the mails sent to the other. In submitting this proposition, this Department yielded to France an increase of the rate of letter-postage and the advantage of rating and collecting her postage by the smaller standard of weight; and nothing can be urged against its adoption except the demand that this country shall use the exceptional French standard for rating letters. It has been submitted by the French minister to his government for instructions, and I trust it will be accepted, as it concedes all that, in my judgment, this Department can concede to effect a settlement of the vexed questions in controversy, a due regard being had to the interests and convenience of the American people.

APPOINTMENTS.

The report of the appointment-office shows the following:

Number of post-offices established during the year.....	2,462
Number discontinued.....	1,081
Increase.....	1,381
Number in operation on June 30, 1872.....	31,863
Number in operation on June 30, 1873.....	33,244
Number filled by appointments of the President.....	1,363
Number filled by appointments of the Postmaster-General.....	31,881

Appointments were made during the year—

On resignations.....	4,802
On removals.....	945
On changes of names and sites.....	193
On deaths of postmasters.....	386
On establishment of new post-offices.....	2,462

Total appointments.....	8,788
Number of cases acted on during the year.....	10,101

The number and aggregate compensation of special agents, route-agents, mail-route messengers, railway post-office clerks, and local agents in service during the year ended June 30, 1873, were—

47 special agents*	\$155, 033
752 railway post-office clerks	941, 000
862 route-agents	828, 240
171 mail-route messengers	106, 740
110 local agents	82, 896
1,942 Total	2, 113, 909

The free-delivery system has been in operation during the year in fifty-two of the principal cities, with the following aggregate results :

Number of letter-carriers	1, 499
Mail-letters delivered	140, 958, 887
Local letters delivered	38, 340, 049
Newspapers delivered	43, 390, 665
Letters collected	137, 065, 699
Newspapers collected	15, 560, 373
Whole number of pieces handled	374, 915, 664
Amount paid carriers, including incidental expenses	\$1, 422, 495, 48
Average cost per piece	3.8 mills.
Amount of postage on local matter	\$1, 112, 251 21

Showing the following increase compared with last year :

Letter-carriers	56
Mail-letters delivered	13, 860, 059
Local letters delivered	5, 336, 169
Letters collected	6, 763, 297
Amount paid carriers, including incidental expenses	\$33, 597. 87
Postage on local matter	\$204, 899. 28
Percentage of increase of receipts on local postage	. 925
Percentage of increase in cost of service	. 0263

With this report ends the first decade of the free-delivery service in this country. The grounds mainly relied upon for its establishment and extension, namely, public convenience and the stimulus to correspondence, have been fully verified by experience thus far. This system, with its letter-boxes located at convenient points throughout the large postal centers, and its frequent deliveries and collections of mail-matter by carriers, has proved to be a virtual extension of the post-office to every house. The transaction of the postal business of large communities by a few men selected for the purpose is justified, in an economic point of view, by the time saved to the people, the reduction of labor in post-offices, the facilities and stimulus given to correspondence, the frequency, promptness, and accuracy secured in the delivery of letters, and the reduction of the number of advertised and dead letters. While these benefits are most strikingly seen in the larger cities, they are felt and appreciated in all places where the frequency of the mails, the density of the population, and the distance from the

* Other special agents charged to separate appropriations.

office make it inconvenient for citizens to call or send for their mail. The average of population to each carrier varies with the number of people to be served, the extent of territory, and the frequency of the deliveries. The general average, however, is estimated at 3,690. The expense of the system at each office is paid out of the revenue of that office. It seems but fair, therefore, that this mode of delivery should be extended to all cities where the population, business, extent of territory, and frequency of the mails may authorize the requisite force and outlay. Just how far these elements may combine to warrant the extension of the system, it is difficult to determine; but I am of the opinion that it might be advantageously provided for cities having in their corporate limits a population of not less than ten thousand.

The following table shows the number of employés in the Post-Office Department; also the number of postmasters, contractors, clerks in post-offices, route-agents, railway post-office clerks, and other officers in service on the 30th June, 1872, and the 30th June, 1873, respectively:

Departmental officers and employés:

1872.	1873.
1 Postmaster-General	1
3 Assistant Postmasters-General	3
1 Superintendent of Foreign Mails	1
1 Superintendent of Money-Order System	1
1 chief of division of dead letters	1
1 chief clerk of Department	1
4 chief clerks of bureaus	4
334 clerks, laborers, watchmen, &c	342
<hr/> 346	<hr/> 354

Other officers and agents:

31,863 postmasters	33,244
5,544 contractors	5,930
3,754 clerks in post-offices	4,025
1,442 letter-carriers	1,499
764 route-agents	862
642 railway post-office clerks	752
146 mail-route messengers	171
95 local agents	110
59 special agents	63
<hr/> 44,655	<hr/> 47,010
Total in service	

DEAD LETTERS.

The operations of the Dead-Letter Office are fully given in a tabular statement printed in the appendix, and may be epitomized as follows:

Number of domestic letters received, 4,133,928; number of foreign letters, 268,420; total, 4,402,348, representing an actual or nominal value of \$5,795,764.11. Of this number 1,826,108, representing \$5,377,923.27, were delivered to owners or writers; 31,388, representing \$132,993.33, which could not be delivered, were filed for reclama-

tion; 11,370 remained either on hand not acted upon, or were outstanding in the hands of postmasters for delivery June 30, 1873, and representing \$284,847.51; and 2,533,482, which either could not be delivered, or from various causes were worthless, were destroyed.

The number of applications for dead letters was 6,598, and in 2,075 cases the letters were found and forwarded to applicants or owners.

The amounts received during the year and deposited in the Treasury were—

From unclaimed dead letters.....		\$6,208 00
From proceeds of sales of waste paper.....	\$3,401 55	
From proceeds of sales of post-route maps.....	502 40	
From proceeds of sales of old carpets	293 56	
		<hr/> 4,143 51
Total deposited during the year.....		10,351 51

POSTAL MONEY-ORDER SYSTEM.

The number of money-order post-offices in operation during the last fiscal year was 2,775. On the 7th of July, 1873, 299 additional offices were established, and 5 were discontinued, making the whole number at present 3,069. Of the additional offices, seven were opened at sub-post-offices or stations in large cities, viz: one in Boston, one in Chicago, and five in Philadelphia.

The number of domestic money-orders issued during the year was 3,355,686, the aggregate value of which was..... \$57,516,216 69

The number of such orders paid was 3,314,818,
amounting in value to..... \$56,900,351 23

To which is to be added the amount of orders repaid
to the remitters..... 394,661 04

Total of payments..... 57,295,012 27

Excess of issues over payments..... 221,204 42

The amount of fees paid by the public to postmasters for the issue of money-orders was \$354,602.25. These transactions show an increase over those of 1872 of \$9,000,683.97, or 18.55 per cent., in the amount of orders issued; of \$8,875,367.30, or 18.33 per cent., in the amount of orders paid; and of \$4,316.59, or 1.23 per cent., in the amount of fees received. The average amount of the money-orders issued during the last year was \$17.14, being \$1.71 less than the average of the preceding year. The small increase in the fees received, as compared with the issues and payments of orders, is owing to the reduction, by the act of June 8, 1872, of the fee for orders not exceeding \$10 from 10 cents to 5 cents. The diminution of the average amount of the order is to be attributed to the same cause, which stimulated the purchase of small orders issued at one-half the rate formerly charged.

Duplicate money-orders to the number of 14,521 were issued by the Department during the year, of which 14,256 were in lieu of original

orders which failed to reach the respective payees in due time, because of change of residence or imperfect address, or because not called for, or because alleged to have been lost in transmission by mail. One hundred and forty-five duplicates were substituted for orders which became invalid, because not presented for payment within one year after issue; 31 for orders made invalid in consequence of having, contrary to law, more than one indorsement; 87 for orders mutilated or destroyed while in possession of the remitter or the payee; and 2 for orders lost by robbery of a post-office.

The increase in the number of duplicates during last year was 801, or about 5.84 per cent., being nearly 13 per cent. less than the ratio of increase in the orders issued.

The receipts and expenditures of the domestic money-order system, as adjusted and reported by the Auditor, were as follows, viz :

Receipts:	
Fees received for money-orders issued	\$354, 602 25
Amount received for premium on drafts.....	214 41
Total	354, 816 66
Expenditures:	
Commissions to postmasters and allowances for clerk-hire ...	\$257, 928 58
Allowances for postmasters' remittances lost in transmission	
by mail	4, 345 56
Incidental expenses for stationery and fixtures.....	23, 001 32
Bad debts.....	957 20
Total	286, 232 66
Excess of receipts over expenditures	68, 584 00

In compliance with the act of June 8, 1872, this sum has been placed to the credit of the Treasurer of the United States for the service of the Post-Office Department.

During the fiscal year 1872, the revenue amounted to \$105,977.77, being larger by \$37,393.77 than that of the last year. This decrease is due to the unusually small receipts from fees, as compared with the large increase of orders issued, resulting from the reduction above mentioned of the fee for orders of \$10 and under from 10 to 5 cents. In 1872 the amount of orders issued increased 15 per cent., and the fees $18\frac{2}{3}$ per cent.; but during the last year the increase of the fees was only 1.23 per cent., while the issues were augmented 18.55 per cent. The great increase of issues and payments during the last year involved additional expenditure for clerk-hire, stationery, and other incidental items, but produced no proportionate augmentation of receipts. The public, however, has derived substantial advantage from the additional facilities afforded by greatly reduced rates for the transmission of small sums by postal orders.

During the past year the aggregate amount of surplus funds accruing at the smaller post-offices from the sale of money-orders, and remitted

by them to the larger offices designated as their depositories, was \$43,885,826.68. Twenty-three of these remittances, amounting in the aggregate to \$5,557.31, were reported as lost in transmission by mail, a sum larger by \$1,509.31 than the reported losses of the previous year. Of this amount, the sum of \$2,543.04 was allowed before the close of the year to the credit of the several postmasters who had remitted the same; credit claimed for a remittance of \$200 was disallowed; the sum of \$2,034.27 was recovered by special agents of the Department; and claims amounting to \$780 are yet pending. The total amount allowed to postmasters during the last year for remittances lost in the mails was \$4,345.56, of which the sum of \$1,802.52 was on account of losses during the two preceding years. Of these former losses, the sum of \$250 was charged to postmasters' accounts; the sum of \$99 was recovered by special agents; and there remain unsettled cases to the amount of \$560.

The drafts drawn by postmasters whose payments exceed their issues of money-orders against credits given them, from time to time, with the postmaster at New York, amounted to \$5,004,800. Certain postmasters in the Pacific States and Territories, who required occasional assistance to meet their money-order payments, were furnished with funds to the amount of \$52,034 by the postmaster at San Francisco, and to the amount of \$23,587 by the postmaster at Portland, Oregon.

Out of the whole number of orders paid, viz: 3,314,818; it was claimed that payment of 22, amounting to \$613.80, was fraudulently procured through forgery of the payee's signature, or by other unlawful or improper means, being at the rate of one fraudulent payment in every 150,673 payments.

Forty-nine cases of improperly-paid orders were investigated or undergoing examination during the year. Twenty-seven of them occurred during the previous year; and of these 12 were not brought to the knowledge of the Department until after the completion of the last annual report. In twenty-one instances the amount of the orders, the total value of which was \$742.19, was recovered by special agents, and paid to the rightful owners. In six cases, amounting to \$178.71, the paying postmasters were, after due investigation, held responsible for the erroneous payments. The amount of six improperly-paid orders, \$252, was refunded by the Department, the paying postmasters not having been found at fault; and sixteen cases, of the aggregate value of \$472.55, are still pending.

The rapid increase in the amount of the money-order business which closely followed the recent monetary disturbance and the general suspension of currency payments by the national banks is a circumstance not unworthy of notice. During the last week of September and the first three weeks of October, 1872, the number of orders issued at the fifty-six largest money-order offices was 36,744, amounting to \$817,344.99 and the number of orders paid was 119,107, amounting to \$1,981,724.47. During the same period of the present year, these offices issued 53,071

orders, of the aggregate amount of \$1,211,297.41, and paid 163,577 orders of the total value of \$3,055,696.02, showing the unprecedented increase of 48.19 per cent. in the amount of issues, and of 54.19 per cent. in the amount of payments. This statement clearly indicates the utility of the system to the public as a safe, convenient, and expeditious mode of making small remittances.

The number of international postal orders issued in this country on Switzerland was 2,801, amounting to \$78,313.93, and the number from that country paid here was 600, amounting to \$16,809.58; showing, in comparison with last year's business, a decrease of \$7,265.99, or 8.49 per cent. in the issues, and an increase of \$2,708.23, or 19.20 per cent. in the payments. The fees received amounted to \$2,164, and the expenses to \$24.86. It appears from the accompanying report of the Auditor, that, after the payment of all balances due Switzerland on the exchange of money-orders during the year, a net revenue of \$5,152.76 accrued to the United States, of which the sum of \$3,013.62 represents profits derived from the purchase, at advantageous rates, of bills of exchange in payment of gold balances.

The number of money-orders issued in this country for payment in the United Kingdom was 69,592, amounting to \$1,364,476.32, and the number of British orders paid here was 10,486, of the aggregate value of \$215,087.61. The fees received amounted to \$40,504, and the cost of commissions to postmasters, clerk-hire, and incidental items was \$15,487.18. An exact statement of the revenue of last year cannot, at present, be furnished by the Auditor, as a final settlement of the accounts of the last quarter of the fiscal year has not yet been made by the accounting officers of both countries. The revenue for the year 1872 is reported by the Auditor at \$23,321.92.

From the establishment of the exchange of postal money-orders between the United States and the German Empire, on the 1st of October, 1872, to the close of the fiscal year, June 30, 1873, 19,454 orders, amounting to \$420,722.12, were issued in this country in favor of payees in Germany, and 11,613 orders from that country were paid in the United States. The fees received amounted to \$11,662.80, and the sum paid for commissions, clerk hire, and incidental expenses, to \$1,693.65.

MISCELLANEOUS.

An appropriation for the manufacture and delivery of postal cards having been secured by the act of January 8, 1873, immediate steps were taken to meet the public demand therefor. Much delay was encountered in the preparation of the plates and in procuring suitable stock, but at length all obstacles were so far overcome that their delivery on requisitions was commenced on the 1st of May last. As predicted, they have been favorably received. They have supplied a public want, and have made a new and remunerative business for the Department. The issues foot up:

From May 1 to June 30.....	31, 094, 000
From July 1 to September 30	33, 208, 300
Total in five months.....	64, 302, 300

These figures indicate that the estimate of 100,000,000 for the consumption of the first year will be more than realized.

The several acts for the repeal of the franking privilege became operative on the 1st of July last. The results of the first quarter of the current year are highly satisfactory, and have fully verified the predictions of the friends of the repeal. The confusion and delay in the distribution and transmission of the mails, caused by suddenly throwing, without notice or system, immense masses of free matter upon important postal routes, have been remedied, thus making it possible to effect a decided improvement in the organization and practical working of the service.

Section 4 of the act of March 3, 1873, making it the duty of the Postmaster-General to provide official stamps and stamped envelopes for the several Executive Departments, has been strictly complied with. The stamps and envelopes furnished have been executed in the highest style of art, and will compare favorably with those of any other country. From July 1 to September 30, of the current year, the following varieties, numbers, and values were issued :

POSTAGE-STAMPS.

To whom issued.	No. of denominations.	Number of stamps.	Value.
The Executive	5	5, 150	\$200 00
The State Department.....	14	60, 495	20, 749 70
The Treasury Department	11	7, 842, 500	407, 000 00
The War Department	11	446, 500	17, 689 00
The Navy Department	11	247, 230	12, 239 00
The Post-Office Department.....	10	10, 054, 660	354, 535 00
The Interior Department.....	10	1, 058, 475	59, 171 00
The Department of Justice.....	10	65, 400	3, 900 00
The Department of Agriculture.....	9	275, 000	20, 730 00
Making a total of.....	91	20, 055, 410	\$96, 213 70

STAMPED ENVELOPES, ETC.

To the War Department.....	9	587, 100	10, 315 56
To the Post-Office Department	3	4, 836, 300	147, 007 00
Making a total of.....	12	5, 423, 400	157, 322 56

The stamps for the Departments other than the Post-Office do not differ materially from those for sale to the public, except that each Department has its own distinctive color and legend. The colors are : For the Executive, carmine ; State Department, green ; Treasury, velvet-brown ; War, cochineal-red ; Navy, blue ; Post-Office, black ;

Interior, vermilion; Department of Justice, purple; and Department of Agriculture, straw-color.

In the stamps for the Post-Office Department the medallion head gives place to a numeral representing the value, with the words "Post-Office Department" above and the denomination expressed in words below. All the official stamps correspond in denominations with those issued for the public, except in the case of the State Department, for which four of higher value were made for dispatch-bags. These four are of the denominations of \$2, \$5, \$10, and \$20, respectively, are of larger size and printed in two colors, and bear a profile bust of the late Secretary Seward.

In presenting the financial results of the abolition of franking, I am for the present confined to the operations of the stamp division for the first quarter only of the current year. To make those operations more intelligible, the following comparative statement is submitted:

Comparative statement of the value of postage-stamps, envelopes, and newspaper-wrappers, (exclusive of postal-cards and official stamps,) issued during the quarter ended September 30, in each of the years 1868, 1869, 1870, 1871, 1872, and 1873.

Quarter ending—	Value of issues.	Increase.	
		Amount.	Percentage.
September 30, 1868	\$3, 411, 421 50		
September 30, 1869	3, 963, 907 00	\$552, 485 50	16.2
September 30, 1870	3, 797, 513 25	*166, 393 75	*4.2
September 30, 1871	4, 420, 135 50	622, 622 25	16.4
September 30, 1872	4, 659, 987 50	239, 852 00	5.4
September 30, 1873	4, 911, 102 50	251, 115 00	5.4
Average percentage of increase from 1869 to 1873			7.8

* Decrease.

The aggregate of sales for the quarter may be arrived at thus:

Value of ordinary stamps, stamped envelopes, and newspaper-wrappers,
issued during the quarter ended September 30, 1873, as above..... \$4, 911, 102 50
Add value of postal-cards issued during same quarter..... 332, 083 00

Making a total of..... 5, 243, 185 50

An increase over the value of issues for same quarter of 1872 of \$583,198,
or a percentage of 12.5.

Add the value of official stamps and stamped envelopes issued to the
close of quarter ended September 30, 1873, (less \$1,159.56, cost of
manufacturing envelopes)..... 1, 052, 356 70

Making a total for the quarter of all issues of..... 6, 295, 542 20

An increase over the total value of issues for the same quarter of 1872 of \$1,635,554.70,
or a percentage of 35.1.

It cannot be expected that the sales of postal-cards or official stamps will average throughout the year the extraordinary sums above given for the first quarter. A general supply having been obtained, subsequent orders will be made only for the actual consumption. Hence in the estimates for 1875 the net sales of postal-cards have been placed for the entire year at \$1,034,732, and of official stamps at \$2,250,000.

The large increase of receipts above stated is derived altogether from general and departmental matter and from postal-cards. Publications of the class heretofore printed and sent out by order of Congress have been almost entirely cut off since the 1st of July. Of the relief thus afforded some idea may be formed from the fact that during the three months next preceding that day there were forwarded from this city over a single route, the Baltimore and Ohio Railroad, in box-cars, independently of the amount conveyed in the regular mail-cars, 665,504 pounds of such publications, as appears from returns of the actual weight thereof taken by the company with the permission of the Department.

These facts, it is respectfully submitted, are ample to sustain the opinion, given in a special report to Congress under date of January 12, 1871, that the cost of free matter if charged with the regular rates of postage would amount to \$2,543,327.72 annually; and it is hoped that they will be deemed sufficient to prevent any attempt to revive an abuse which would impose the most grievous burdens upon the postal service at a time when that service is struggling to meet the growing wants of the country in its course of unparalleled development.

In my report for 1869 I had the honor to suggest a plan for the prepayment of postage on newspapers and other matter of the second class by weight of packages, rather than by the present system, which requires the manipulation of each particular paper and allows the payment of postage at either the mailing office or the office of delivery. A careful revision of the subject confirms me in the opinion that the postage on all such matter should be collected in advance at the mailing office. Collections are now made with great difficulty, and there is no provision whatever by which dishonesty or negligence can be detected. No stamps are used for the payment of such postage, and the Department is compelled to accept in full satisfaction whatever sums of money postmasters choose to charge against themselves. So execrably bad is this system that postal officers of high standing have estimated that not more than one-third of the postage properly chargeable on newspapers is accounted for and paid over. Furthermore, disputes are continually arising between postmasters and publishers as to whether the sheets they transmit come within the meaning of the term *newspaper*, and as to the number of their *bona fide* subscribers. In the hope of contributing to a more faithful collection of postages, the more prompt and efficient transmission of newspapers, the saving of labor in post-offices, and the general advantage, as well of the Department as of publishers and their patrons, I respectfully submit the following plan for prepayment of newspapers of the second class, and urge its adoption. Let all publishers, or their business managers or agents, be required at the beginning of every quarter to state under oath that, after diligent inquiry, they are satisfied that they will send in the mails to regular subscribers during the coming quarter not more than — copies of the newspaper known as — — —, [giving the number of copies and name

of newspaper,] and let them be further required to pay in advance the postage prescribed by law, taking therefor duplicate receipts, one of which shall be transmitted to the Post-Office Department; and, to afford reasonable opportunity for an increase of circulation during the quarter, let the oath taken at the beginning of the next quarter embrace all additional copies for the last quarter, as well as the number to be sent during the then commencing quarter. On the other hand, let postmasters be required to return, within two weeks after the beginning of every quarter, correct lists of all the newspapers addressed to regular subscribers and dispatched in the mails from their respective offices, stating the number of copies of each newspaper, the average weight per paper, the number of issues per week, and the amount of money paid as postage therefor. Payment having been made in advance for the quarter no stamp or manipulation would be needed, but, when received into the office, every paper answering to the description given in the receipt would be treated as paid. The papers of persons subscribing after quarter-day would be forwarded immediately and paid for at the beginning of the next quarter. So marked would be the improvement in the collections under this plan, that I believe the Department could safely consent, in case of its adoption, to a reduction in newspaper rates of 40 per cent. on present prices. At the reduced rate, I am satisfied the Department would realize more revenue than now. I also believe that so great would be the saving of labor to newspaper proprietors in the preparation of their papers for the mail, and so decided their gain from the greater dispatch and freedom from mistakes in transmission and delivery, that they would find the new plan more advantageous to them than the present one. A similar plan could be adopted for magazines and periodicals of the second class.

I further recommend that on all matter of the third class the postage be made uniform at 1 cent for each two ounces or fraction thereof, and the maximum weight of packages increased to four pounds. If this recommendation be adopted, the postage on flexible patterns, samples of ores, metals, minerals, and merchandise, sample-cards, photographic paper, letter-envelopes, postal-envelopes, and wrappers, unprinted cards, plain and ornamental paper, card-board, or other flexible material, and on all other mailable matter not included in the first class, will be reduced from 2 cents to 1 cent for each two ounces or fraction thereof, and the weight of packages increased from twelve ounces to four pounds. On books the postage will be reduced from 2 cents to 1 cent for each two ounces or fraction thereof; and the weight of packages of woolen, cotton, or linen clothing addressed to any non-commissioned officer or private in the Army of the United States will be increased from two pounds to four pounds.

I also recommend that any person be permitted, without additional charge, to write a form of presentation in any book, pamphlet, magazine, periodical, or on any other matter of the third class, and also that the sender of any package be permitted, without additional charge, to

write his or her name and address on the outside thereof, with the word "from" above or preceding the same, so as to inform the person addressed of the name of the sender, and to write briefly on any package the number and name of the articles inclosed.

The present mode of determining the salaries of postmasters, so far as it affects those not appointed by the President, is very defective. Formerly the salary of every postmaster was computed by commissions on the actual receipts of the office as returned to the Sixth Auditor. In 1864 the law was changed, and it was provided that salaries should be adjusted for two years in advance upon special returns for a stated time to be made by postmasters to the First Assistant Postmaster-General, it being urged in favor of the new method that it would save a large amount of clerical labor in post-offices, as well as in the Department. The change has worked well in presidential offices, and many of the elaborate and expensive accounts of former days have been discontinued; but in the smaller offices the effect has been far from beneficial. Unfortunately there are no criteria whereby the accuracy of salary returns may be tested, except the quarterly returns made to the Sixth Auditor, and upon these the Department is obliged to rely in every case of doubt or suspicion. It has been found, however, in practice, that while a comparison can readily be made of the accounts of presidential offices, which number only 1,363, great difficulties and delays attend a like scrutiny into the affairs of the 33,244 offices filled by appointment of the Postmaster-General; and yet there is more need of the utmost care in dealing with the latter class of offices, because of their large and rapidly-increasing number, and the better opportunity they present to those in charge of them for increasing their compensation by fraudulent or excessive returns. Moreover, it has been observed, as a general result of making each man his own accountant, that, while all are eager to supply data upon which they can claim an increase of salary, very few are willing to furnish information that will lead to a reduction.

I therefore recommend that the salaries of all offices of less importance than presidential offices; that is to say, all with a salary of less than \$1,000, be henceforth adjusted by a resort in the first instance to the quarterly returns in the office of the Sixth Auditor. This action will dispense with much useless labor, prevent complaint, remove a temptation to fraud, and secure an adjustment of salaries upon the basis of actual receipts, whether more or less.

The events of the past few weeks have awakened a lively interest in a plan heretofore submitted, for securing the savings of the great body of the people by a pledge of the credit and faith of the United States. In my reports for 1871 and 1872 I urged the organization of institutions for that purpose, under the title of "Post-Office Savings Banks." The name was not well chosen. The institutions I have in view and recommend are not designed, and should not be permitted, to encroach upon the legitimate powers and duties of the national banks. They are totally distinct from the banks in their scope and character, in the man-
nery

they employ, and in the ends they are intended to accomplish, and may be more accurately designated as Postal Savings Depositories of the United States.

The financial difficulties in which the country has been unexpectedly involved, and which still continue to oppress it, have demonstrated the necessity for some means of maintaining confidence in times of threatened disaster, and of gathering and wisely employing the immense wealth scattered among the people, to prevent panic and escape the ruin which inevitably follows in its track. That the people of the United States hold the reins of financial as well as political power clearly appears from the following tables, taken from the public debt statements, reports of the national banks, and from official accounts:

Treasury notes of all kinds, including fractional currency, in the Treasury, in the national banks, and in the hands of the public on June 30, 1869, 1870, 1871, 1872, and 1873.

Date.	Aggregate.	In the Treasury.	In national banks.	In the hands of the public.
June 30, 1869.....	\$388, 118, 859 73	\$37, 097, 818 89	\$82, 738, 974 53	\$268, 282, 066 31
June 30, 1870.....	395, 984, 940 48	28, 945, 067 19	96, 758, 465 39	270, 281, 407 90
June 30, 1871.....	396, 679, 380 06	9, 533, 363 15	124, 298, 373 22	262, 847, 643 69
June 30, 1872.....	398, 444, 131 52	15, 321, 689 87	125, 063, 881 12	258, 058, 560 53
June 30, 1873.....	432, 609, 332 94	*41, 513, 529 77	108, 204, 050 84	282, 891, 752 33

* Thirty-one million seven hundred and thirty thousand dollars of the currency in the Treasury June 30, 1873, represents special deposits for redemption of certificates of deposit issued under act of June 8, 1872, which certificates are held by the national banks as part of their reserve of lawful money.

National bank-notes held by the banks and the public on June 30, 1869, 1870, 1871, 1872, and 1873.

Date.	Aggregate.	On hand.	In the hands of the public.
June 30, 1869.....	\$209, 742, 474 95	\$17, 915, 295 95	\$281, 827, 179 00
June 30, 1870.....	299, 267, 486 35	23, 056, 596 35	276, 210, 890 00
June 30, 1871.....	317, 616, 919 20	26, 101, 252 20	291, 515, 667 00
June 30, 1872.....	337, 240, 692 30	23, 162, 340 30	314, 078, 352 00
June 30, 1873.....	346, 777, 827 30	26, 432, 588 30	320, 345, 239 00

Recapitulation of currency in the hands of the public.

June, 1869.—Treasury issues.....	\$268, 282, 066 31	\$550, 109, 245 31
National bank notes.....	281, 827, 179 00	
June, 1870.—Treasury issues.....	270, 281, 407 90	546, 492, 297 90
National bank notes.....	276, 210, 890 00	
June, 1871.—Treasury issues.....	262, 847, 643 69	554, 363, 310 69
National bank notes.....	291, 515, 667 00	
June, 1872.—Treasury issues.....	258, 058, 560 53	572, 136, 912 53
National bank notes.....	314, 078, 352 00	
June, 1873.—Treasury issues.....	282, 891, 752 33	603, 236, 991 33
National bank notes.....	320, 345, 239 00	
Aggregate for 5 years.....		2, 826, 338, 757 76
Average.....		565, 267, 751 55

On the 30th June last the public held, independent of the Treasury and the banks, \$603,236,991.33. The amount of currency was then considered sufficient for all business purposes. In the month of August following a stringency began to be felt in the money market, and we have since witnessed the extraordinary spectacle of the banks suspending and declaring their inability to pay United States notes or bank-notes, or even fractional currency, to their depositors. Of course, under such circumstances, they could not continue to make their usual discounts for the accommodation of their customers. This can only be accounted for upon the theory of a general lack of confidence on the part of the people, and a consequent refusal to deposit, or invest, or even pay out in discharge of obligations the currency held by them. To meet this strange state of affairs, and to prevent a recurrence of the like in the future, many plans have been suggested—one involving an expansion of the currency, another compelling a return to specie payment, and still another providing for the issue by the Government of a convertible bond at a low rate of interest—but all open to objections more or less serious. The opinion is universal that if there could be a general restoration of confidence there would immediately be let loose an ample circulation for the entire country. If, therefore, a plan can be devised that will afford to depositors equal security to that afforded to note-holders, but little doubt can be entertained that a general amelioration of the present condition will be effected. The immense sum of \$600,000,000 held by the people in June last, with the large accessions since made thereto by heavy drafts upon the Treasury and the banks, will be brought out from its places of concealment and applied to its legitimate work of aiding in forwarding our crops and products to market and in sustaining our vast manufacturing and other business interests. In my judgment, a system of postal savings-depositories would powerfully contribute to this most desirable consummation. Throughout the plan for their organization and work two ideas predominate: first, the United States is to insure the safe return of principal and interest whenever demanded; and, secondly, the extensive machinery of the Post-Office is to be used to bring its advantages home to the great mass of the people. The details would be simple, safe, and efficient. Money-order offices, as agents of the Government, would receive deposits in small sums, ranging from one dollar upward to the limit fixed by law, which sums the postmaster would forward at short intervals to the nearest depository of the United States Treasury. A certificate, fixing the responsibility of the Government, would be issued immediately to the depositor by the postmaster, and notice thereof would be sent either to the Department or some established branch office, to the end that due entry thereof might be made and a more formal acknowledgment forwarded to the depositor for the amount. No depositor should be allowed in any one year to deposit exceeding \$300; no greater accumulation of deposits should be permitted for any one depositor

than \$1,000; and no greater accumulation of deposits and interest should be allowed than \$1,500. Meantime, however, the United States should contract to pay interest not exceeding 4 per cent., to be computed from the first day of the month following the deposit, and to stop upon the first day of the month in which any withdrawal might be made. Interest should be computed to the end of the fiscal year, and then, if not drawn, should be added to the principal. It would of course be necessary to keep an exact account of all such deposits, and of the expenses incident to the management thereof, in the Treasury Department; also to make provision for the payment of the amounts due depositors whenever and wherever they might desire to withdraw them; and to allow and credit to such accumulations a somewhat greater rate of interest than that paid depositors, so that all expenses might be paid out of the fund and the institution made self-sustaining. I am confident that the plan of operations thus generally sketched may be so amplified and guarded that the people could be efficiently served, and the Government saved from all loss or expense. The great ends to be attained are, first, absolute security; secondly, the utmost facilities for deposits, withdrawals, and transfers; and thirdly, perfect secrecy. A system thus organized and conducted would not only encourage economy and habits of saving on the part of all who might be in the way of earning small sums of money, but would tend largely to utilize and keep in circulation the immense amounts which are paid out for wages and in business, and give every depositor a direct interest in the stability of the Government. It would strengthen our national finances by pouring these accumulations into the Treasury, which, in turn, by judicious investments, could afford to monetary and banking institutions the very relief they now so eagerly seek. Thousands who doubt the security of the banks and savings institutions, whether private or organized under State laws, would cheerfully place their surplus money upon such terms in the keeping of the Government.

The extent of the benefits which will inure to the people and the Government from the establishment of this system will be best indicated by a statement of the amounts deposited in existing savings-banks in some of the States of the Union. With the means of information at my command, I am able to make only a partial statement under this head. Congress wisely provided, by the act of February 19, 1873, for an annual report to be made by the Comptroller of the Currency of the condition of all banks, banking companies, and savings-banks organized under the laws of the several States and Territories; but, on application to that officer, I have been informed that he has not yet succeeded in collecting the information necessary for such a report, and that in many of the States and Territories no returns are made by the savings-banks, either to the legislature or any State officer, and that thus they are left without any supervision whatever. I regret that I

shall be deprived for the present of the experience and industry which will doubtless be applied to the discharge of the duty imposed by the law referred to.

In the table following, the returns for Massachusetts are brought up to the 26th of October, 1862; for Rhode Island, Maine, and New Hampshire, to the year 1869-'70; for Connecticut, to January 1, 1871; for the State of New York, to January 1, 1873; and for California, to July 1, 1872:

State.	No. savings-institutions.	Number of depositors.	Amount deposited.	Average to each depositor.
Massachusetts	172	630,246	\$184,797,313 92	\$293 21
Rhode Island	25	67,238	27,067,072 00	402 55
Maine	36	39,527	10,490,368 00	265 40
New Hampshire	45	71,536	18,759,461 00	262 25
Connecticut		178,000	55,000,000 00	310 00
New York	150	822,642	285,256,621 00	346 79
California		58,713	47,784,372 00
		1,867,802	629,185,207 92	

Thus seven States had, many months ago, 1,867,802 depositors, and \$629,185,207.92 on deposit, an amount greater by \$3,476,930 than all the deposits, including those of individuals, the United States, and United States disbursing officers, held by all the national banks of the United States, numbering 1,919, on the 3d day of October, 1872.

Objection has been made to the establishment of postal savings depositories upon the ground that they would interfere with and overthrow the present savings banks. I respectfully submit that this objection is without foundation. Savings banks were originally established by the benevolent and philanthropic to provide safe places of deposit for the small savings of laboring people, and in the beginning they were conducted without hope of either profit or reward other than that which comes from the consciousness of doing good. In so far as they have since been used for purposes of speculation, their managers have diverted them from their original design, and to that extent have abused the confidence reposed in them. Security is to be sought above all other considerations, and hence the spirit of speculation should be thoroughly eradicated from their administration. If savings banks are subjected to risks, and prostituted for purposes of gain for their managers, they should be overthrown. If, on the contrary, they continue to be well and profitably managed, and pay a greater rate of interest than that paid by the Government, they will in no wise be put to disadvantage, because every depositor will be left free to select his place of deposit.

Nor can the national banks raise a valid objection. They are organized to afford facilities to the community by lending money on personal se-

curity, dealing in exchange, issuing notes, and receiving deposits, not for permanent investment, but as temporary custodians. Bankers should own the capital they employ. When they attempt to do business on borrowed capital they are operating on a fictitious credit and become mere speculators. If they succeed in realizing more interest than they pay they make a profit by raising the price of money above its value. If they do not succeed in so doing, then, like other unfortunate speculators they fail, and their creditors become their dupes. Hence a law prohibiting the payment of interest by the banks would simply confine them to their legitimate business, and prevent them from assuming improper risks. With the Government it is totally different. Its obligations must be met by resorting either to loans or taxation, and in determining its choice of alternatives, the paramount consideration should be the best interests of the people, whose agent it is. Sound policy dictates that the Government should lose no opportunity of borrowing from its own people, at a low rate of interest, for the purpose of discharging an indebtedness abroad, or relieving industry and enterprise at home from the trammels of taxation. But when the Government can arrest panic, restore confidence, call forth the hoarded treasure of the country, and revive the pursuits of industry, by a simple pledge of the people's credit for the people's security, who will say that that pledge should not be given?

Another objection is the tendency to centralization. To this I answer, that, if to establish postal savings depositories would be in violation of the Constitution, there is an end of the matter at once. If, on the contrary, such action would not be unconstitutional, then the only question is whether their establishment would on the whole be advantageous for the people and the Government. Since the National Government has assumed to organize and control the banking of the country, and has found warrant of law for undertaking the transmission of the people's money through the mails, it would appear that it is only discharging its whole duty and completing its financial work by providing for the safety of the small savings of the industrious and frugal poor. If, in addition, it can be shown that postal savings depositories will serve to fortify the national credit, make more equable the financial operations of the country, cultivate habits of thrift among the industrial classes, and illustrate the excellence of our institutions by protecting and augmenting the accumulations of self-denying toil, and thus in time merging the workman into the capitalist, the cry of centralization cannot be made to drown the voice of the people in their demand that the Government of the United States shall execute for their benefit the high offices enjoined upon it by the Constitution.

Another objection, more practical, if not more tenable, is based on an alleged increase of expenses and public officers. So far as the establishment of savings depositories would have any effect upon appointments its tendency would be to secure a better class of officers in

all respects. None but competent persons could discharge the duties of such institutions, and no man or party, having a reputation to sustain, would be willing to commit interests so important to unworthy hands. The Government would seek its principal agents and employés among experienced men, wherever they could be found. A numerous force of additional officers would not be required. Many persons already employed in the postal-service could be made to discharge a portion of the required duties. A force far less than that now needed in savings-banks would be sufficient, with the assistance of the machinery of the post-office, to accomplish the same amount of work, and this, together with a supervising bureau in the Post-Office Department, and the necessary accounting officers in the Treasury, is all that would be needed. The fact that the money-order office, during the past year, received, transmitted, and paid out nearly \$60,000,000, shows how well that branch of the Post-Office discharges its duties. I am entirely satisfied that the character of the service would be elevated, and the work more cheaply and better done by Government officers, controlled at every step by law, and punishable by severe penalties in case of default or embezzlement, than is possible under the present irresponsible and inefficient mode in which savings-banks are conducted in many of the States.

But the argument by example is, perhaps, the most powerful. Let us, then, invoke the experience of other nations. The savings-bank, like many other products of Christian civilization, was perfected piecemeal. An institution of a kindred character was founded at Hamburgh as early as 1778, and first gave a demonstration of the power of small sums contributed by many, when aggregated, though, it is stated, its operations were confined to the granting of deferred annuities. An institution approaching nearer to the savings-bank, it is generally believed, was formed at Berne, Switzerland, in 1787. The idea, however, was fully developed in England, and the honor of its first practical application is divided among several persons, all of whom may claim to be benefactors of their race. In the year 1798 a friendly society for the benefit of women and children was established under the superintendence of Mrs. Priscilla Wakefield, and, before the year 1801, there had been combined with its main design a two-fold improvement, namely, a fund for loans and a bank for savings. In 1804 the savings-bank was more regularly organized, and Mr. Eardley Wilmot, M. P., and Mr. Spurling were appointed trustees. A prior claim, however, is raised on behalf of Rev. Joseph Smith, of Wendover, who, in 1799, circulated in his parish proposals to receive deposits during the summer and return the amount at Christmas with an addition of one-third as a bounty. The first publication in England of the idea of savings-banks, under the name of frugality banks, is also attributed to the celebrated Jeremy Bentham as early as 1797. The society next formed was opened, in 1808, at Bath, chiefly through the instrumentality of certain ladies, who received deposits from female servants. In 1810 the first savings-bank in Scotland was

formed by Rev. Henry Duncan, minister of Ruthwell, Dumfriesshire; and, in November, 1815, the providence institution of Southampton was established, under the patronage of the Right Honorable George Rose. The seeds thus sown rapidly germinated, took root, and soon exhibited a vigorous growth. By the year 1817 there had been formed no less than seventy banks in England, four in Wales, and four in Ireland, by the voluntary association of benevolent persons. Parliament then took up the question, and, by two separate acts, recognized and organized banks for savings in England and Ireland, and, two years later, in Scotland. Thenceforth such institutions were under the protection and guidance of the law, and much labor was expended in the effort to protect them from peculation and fraud; notwithstanding all which, it has been stated by competent authority that between the years 1844 and 1857 frauds were perpetrated to the amount of £228,800. The effect was disastrous in the extreme. Confidence was destroyed, and the disposition to economize became a subject of ridicule. Attention is called to the following:

Table showing the amount of deposits and withdrawals, and the capital of savings-banks, in the United Kingdom at the end of each year, from 1841 to 1861, inclusive.

Year ending November 30—	Deposits.	Withdrawals.	Capital of savings-banks in the United Kingdom.
1841	£5,694,908	£5,487,723	£24,536,971
1842	5,789,203	5,656,160	25,406,642
1843	6,327,125	5,333,015	27,244,266
1844	7,166,465	5,716,275	29,653,180
1845	7,153,176	6,697,042	30,950,983
1846	7,300,367	7,255,654	31,851,238
1847	6,649,008	9,060,075	30,236,632
1848	5,862,742	8,653,108	28,114,136
1849	6,196,883	6,522,760	28,537,010
1850	6,363,690	6,760,328	28,930,982
1851	6,782,050	6,305,566	30,277,654
1852	7,281,177	6,684,906	31,754,261
1853	7,653,520	7,116,330	33,362,260
1854	7,400,141	7,956,347	33,736,080
1855	7,188,211	7,654,133	34,263,135
1856	7,741,453	8,023,583	34,946,012
1857	7,581,415	8,375,095	34,145,567
1858	7,901,925	7,839,903	36,220,362
1859	9,021,907	7,335,349	38,995,876
1860	9,478,585	8,258,421	41,258,368
1861	8,764,870	9,621,539	41,546,475
Total.....	151,298,830	152,313,312	
Excess of withdrawals		1,014,482	

It is worthy of note that during the years 1847, 1848, 1849, and 1850 the withdrawals exceeded the deposits by amounts respectively of £2,411,067, £2,790,366, £328,877, and £396,638, and that in the years 1854, 1855, 1856, 1857, and 1861, also, the withdrawals largely exceeded

the deposits. The remarkable fact is also revealed that, taking the whole period between 1841 and 1861, when the increase in population in England and Wales was 4,190,496, when the exports increased from £51,545,116 to £125,102,814, and when the amount of wages paid must have been largely increased, the withdrawals actually exceeded the deposits by £1,014,482. The commercial crisis of 1847-'48, and the scarcity of money during the Crimean war, had, no doubt, a marked effect during some of the years recorded in the foregoing table; but the general result can be accounted for on no other theory than that the confidence of the masses had been weakened by the discovery of the enormous frauds above mentioned, the knowledge of the defects of the system, and the divided responsibility under which it was worked. It thus became apparent that a radical reform must be effected, otherwise the usefulness of savings-banks would be seriously impaired. After numerous failures a project for post-office savings-banks was finally brought to the attention of Sir Rowland Hill, who gave it his cordial approval. A plan having been finally matured by Mr. George Chetwynd, and approved by Mr. Frank Ives Scudamore, fixing the rate of interest at $2\frac{1}{2}$ per cent., it was carried through Parliament under the powerful championship of Mr. Gladstone, and became the law of the land on the 17th day of May, 1861. The details being approved, and the necessary machinery provided, it went into effect on the 17th day of September following. The annexed table, covering its operations from that date until the 31st day of December, 1872, proves its steady and uniform growth and its triumphant success.

Operations of the British post-office savings-banks.

Period.	Number of post-office savings-banks.	Number of deposits.	Amount of deposits.	Total sum standing to credit of post-office savings-banks on books of national debt commissioners at close of the year.	Balance in hands of postmaster-general after allowing for charges of management at close of the year.	Total balance in hand applicable to payment of depositors at close of the year.
From Sept. 16, 1861, to Dec. 31, 1862	2, 535	639, 216	2, 114, 669	1, 659, 032	35, 692	1, 694, 724
1863	2, 991	842, 848	2, 651, 209	3, 328, 182	44, 413	3, 372, 595
1864	3, 081	1, 110, 762	3, 350, 000	4, 995, 663	5, 522	5, 001, 185
1865	3, 321	1, 362, 309	3, 719, 017	6, 582, 329	4, 327	6, 586, 656
1866	3, 507	1, 525, 871	4, 400, 657	8, 231, 176	25, 791	8, 256, 967
1867	3, 629	1, 592, 344	4, 643, 906	9, 867, 703	47, 690	9, 915, 393
1868	3, 813	1, 757, 303	5, 333, 638	11, 963, 053	Nil.	11, 969, 400
1869	4, 047	1, 998, 644	5, 787, 218	13, 755, 547	19, 386	13, 774, 933
1870	4, 082	2, 135, 993	5, 995, 121	15, 305, 040	158, 888	15, 463, 928
1871	4, 335	2, 362, 621	6, 664, 629	17, 303, 815	166, 456	17, 470, 271
1872	4, 607	2, 745, 245	7, 699, 916	19, 559, 804	301, 070	19, 860, 874

Every year shows an increase in the number and amount of deposits; and on the 31st day of December, 1872, the total balances applicable to the payment of depositors amounted to the sum of £19,860,874. The postmaster-general states, in his last annual report, that the cost of each deposit and withdrawal, including postage, is now about sixpence instead of about one shilling in the old savings-banks. No greater triumph was ever achieved in post-office management, with the single exception of that of Sir Rowland Hill in effecting penny-postage.

Post-office savings-banks encountered at every step the most implacable opposition, and were established only after a prolonged struggle. The same arguments were brought to bear against them that have been used against the adoption of a like system here. It was urged that they would be destructive of the old savings-banks; that the post-office would never be able to perform the additional important duties imposed upon it; that the government was undertaking a great risk; and that the scheme was centralizing in its tendency. They were opposed by Lord Colchester, an ex-postmaster-general, and by Lord Monteagle, of Brandon, once chancellor of the exchequer. A practical trial of twelve years has conclusively established the fallacy of all the arguments adduced against this beneficent measure.

The same system, somewhat simplified, has been put into operation in the British Australian colonies, in Queensland and in Canada, with like unvarying success. Mr. J. C. Stewart, superintendent of the post-office savings banks of Canada, writes, under date of October 25, 1873 :

Post-office savings-banks work smoothly with us. We commenced five and a half years ago very much in the dark, and we have had to work out the system to a great extent unaided; but we learned to think out and reason out a system with which we are now well satisfied. There is nothing which prevents our extending it to every money-order office, save want of office accommodation at the head office.

Reason and philanthropy being thus sustained by the prolonged experience of so many peoples speaking the English language, how can the success of similar institutions in the United States be longer doubtful? I believe that the financial perils through which we are now passing could have been mainly averted if these institutions had been open to receive deposits. The people of this country earn more and deposit more than those of any other. The State of New York alone exhibits an aggregate of savings-bank deposits equal to those of the whole United Kingdom of Great Britain and Ireland; and it is not extravagant to say that if a spirit of universal frugality could be encouraged by an assurance of good faith and absolute security, the savings of the American people would soon grow into such gigantic proportions that the voluntary loans of a single generation would exceed the whole of the national debt.

I am clear in the conviction that the establishment of postal-savings depositories will be found an eminently wise and practical measure;

and, in the hope of contributing something to that end, I will submit at an early day a form of bill embodying the necessary legislation.

A year ago I earnestly urged the assumption by Government of the control of the telegraph, and gave at some length my reasons for believing that such action would correct the defects of the present management and result in great benefit to the country. I also presented at the same time estimates of the cost of duplicating the lines and apparatus now in use. There is no need of repeating those reasons or estimates. I desire, however, to express my full confidence in the soundness of the former, and the approximate correctness of the latter, notwithstanding the efforts which have been made to invalidate them. Ample time has elapsed for a full and free discussion of the subject in all its bearings, but no points have been developed which have not already been considered. One fact is conspicuous and most significant, and that is, that the opposition to the postal telegraph comes almost entirely from the telegraph companies and those directly interested with them in sustaining their monopoly. Every intelligent disinterested observer who has seen the working of the Government systems abroad gives them the decided preference.

The necessity for an efficient and cheap mode of telegraphic communication, which shall be beyond the control of private monopolies, and within the means of all, is daily becoming more apparent. Under the present management the use of the telegraph by the masses of the people is almost prohibited, by reason of arbitrary rates, unnecessarily high charges, and a want of facilities. This assertion is verified by the testimony of the president of the Western Union Company, who stated before a committee of Congress that, out of forty millions of our population, only one million use the telegraph at all. This is certainly an anomalous condition of affairs among a people the first in the world for intelligence and business activity. It may, however, be regarded as settled that, while under the control of private companies, whose chief object is to make a profit for their stockholders, and whose skill and labor are expended in efforts to advance the prices of their stock, and to enforce the highest rates to which the public can be made to submit, the telegraph will never become a general medium of correspondence. A Government postal telegraph is the only means by which the full advantage of this great invention can be secured; for, wherever the telegraph is under government management, it is operated at its minimum cost, and the people receive the benefit in low rates of transmission and in greatly extended facilities.

Appended to this report are four tables, to which reference may be made for reliable information, derived from official sources, as to the condition, force, and operations of various government telegraphs in Europe. Table 1, kindly furnished by the director of the bureau of international telegraphs of Switzerland, gives condensed returns, show-

ing the receipts, expenditures, and other details of European systems. Table 2 gives the number of messages (exclusive of press and news messages) forwarded from postal-telegraph stations in the United Kingdom during each month of 1871 and 1872; and tables 3 and 4 give a like statement for each week and month of the first three quarters of 1872 and 1873, respectively.

Nature furnishes an inexhaustible storehouse of electricity. The earth and the atmosphere constitute the never wearying media of its transmission. Its application to infinite uses is limited only by human knowledge and ingenuity. A single generation has filled the earth with wonder, and we are still on the mere threshold of investigation. Successive improvements have contributed so much to the simplification of telegraphic apparatus that the work of the operator is no longer a mystery. Private lines, connecting the residences of merchants and other business men with their stores and offices, are increasing in number and popularity; and so notable has been the advance that electricity is now called into daily requisition to meet the ordinary wants of domestic life.

For years past the attention of inventors and scientists has been attracted to the necessity for a more rapid and less expensive mode of transmission than the Morse, which requires the message to be spelled out by a slow and tedious process, at about the speed of an ordinary writer. One of the results of their investigations is the "automatic" or fast system, now in operation between New York and Washington. This system is capable of a speed of from 500 to 800 words per minute. The average of an expert Morse operator is not over 25 words per minute. Therefore, it is evident that if the automatic method can be made to accomplish what its advocates confidently predict for it, the capacity of a single wire for business will be increased nearly or quite thirty times. This increased capacity may be again doubled, or perhaps quadrupled, if the duplex apparatus, now used every day by established companies for sending messages simultaneously in different directions on the same wire, can be successfully combined with the automatic machine. There can be no doubt of the ultimate success of the automatic principle. Its battle with an incredulous public is almost won. As soon as it shall be thoroughly developed and applied in practice, the problem of cheap telegraphy will be definitively solved.

Experiments by the French electricians and inventors, D'Arlinecourt and Meyer, in the direction of rapid autographic telegraphing, have resulted in marked improvements. By the autographic system a *fac simile* of the message written by the sender for transmission is reproduced at the distant office of delivery, thus enabling the receiver to verify the signature of his correspondent. Diagrams, maps, plans, tracings, or letters written in stenographic characters or in symbols, can also be transmitted by this instrument, and as the message or drawing to be sent is itself used as a medium of transmission, and the act of sending is entirely mechanical, errors very rarely occur.

In truth, there is no limit to the possibilities of electrical and telegraphic invention. Improved processes are constantly being discovered, new instruments devised, and new adaptations made; and in the near future the entire methods and machinery of telegraphic communication will be cheapened and familiarized to such an extent that the Government will be compelled to assume their control, in order to protect the people from extortion, and to secure for them the most improved and extended facilities at the lowest possible cost. In this wide field of operation no money-making privilege should be tolerated. As well might a charter be granted for the exclusive use of air, light, or water; as well might a price be set on the winds and waves, on rivers flowing to the sea, on seed-time and harvest, and on the power which causes the seed to germinate and the fruits of the earth to grow, as to restrict for the sake of profit the use of electricity, that most subtle and universal of God's mysterious agents. The electric telegraph should be the common messenger of the human race, and no man or association of men should be permitted to burden it with excessive charges. Surely the great republic will not hesitate longer to follow kingdoms and empires in recognizing and protecting the rights of the people.

There are now but two parties in the controversy over the postal telegraph—on one side the people, on the other the Western Union Telegraph Company. At a meeting of the directors, held on the 8th of October last, the president of the company, in his report, stated its policy, with commendable candor, in the following words:

The scale of rates fixed by competition on the most important routes, and between the principal cities, has been applied recently to the whole country east of the Rocky Mountains, so that the inducement to subscribe capital for the extension of competing lines, in order to secure the benefit of competing rates, no longer exists. At the rates now established it is impossible for any competing company to realize profits, and some of them are known to be, and all are believed to be, operating at a loss. As a result, the extension of competing lines has ceased, and it is not believed that capital can be found wherewith to inaugurate new enterprises in any quarter. The time is not distant, therefore, when the Western Union Company will be without a substantial competitor in the conduct of a business which, notwithstanding the enormous growth of the last seven years, still is in its infancy. With the increase of lines already provided and now in progress, the capacity of which the duplex apparatus hereinbefore spoken of will be able to double at small cost, it is believed that the constantly increasing volume of business, the growth of which will be stimulated by the present low and uniform rates, can be successfully handled with a less annual investment in new construction than has heretofore been necessary; so that with competition checked and in process of being extinguished, the percentage of expenses may be reduced, and the patience of the stockholders be rewarded at an early day by the resumption of regular dividends.

The Western Union Company has always contended for high rates, and enforced them with a strong hand. When new associations have been formed for the purpose of reducing rates, the Western Union has at once entered the lists to destroy its rivals, and in pursuit of victory has not scrupled to use any device which the powerful can employ against the weak. Failing to vanquish its adversary in the open field

of fair competition, it has resorted to artifice, and triumphed by making gold its weapon. Thus it has acquired, by lease or purchase, the lines of the American Telegraph Company, the Illinois and Mississippi Company, the Chicago and Mississippi Company, and the California State Company; and during the past year it has obtained control of the International Ocean and the Pacific and Atlantic Telegraph Companies by buying up a majority of their stock. Its president has attributed a loss of profits in part to "a reduction of rates rendered necessary by the action of competing companies" along their lines, and in "other sections" to a similar reduction made "in order to equalize rates and thereby remove the inducement for competing lines to extend still farther," thus evincing a settled purpose to reduce rates only that it might exterminate competing companies already organized, or which it feared would be organized.

During seven years of this enforced abstinence from high dividends, it is admitted in the above-mentioned report that the company has realized "net profits" to the immense amount of \$20,312,618; and that, after paying out of such profits for dividends to stockholders \$4,857,239, for interest on the company's bonds \$2,216,194, for its own stock \$4,054,483, for stock of Gold and Stock Company \$1,173,509, for bonds of Western Union Company, redeemed and canceled, \$974,075, for real estate, exclusive of Broadway and Dey street property, \$318,263, for patent of Page and Duplex apparatus \$73,758, for sinking-fund \$249,555, and other smaller sums, it managed with the residue to effect such extensions and purchases as increased its wires from 70,000 to 160,000 miles. After this admirable exposition of what has been accomplished by "net profits," it is to be regretted that there had not been placed by the side of it, for the gratification of a curious public, an equally lucid statement of the amount of cash capital paid in by the stockholders of the Western Union Company, and of the companies out of which it has been compounded. Elated as he must have been by a contemplation of the manner in which the "net profits" had swept away all opposition, present or prospective, President Orton might well say, in the language quoted from his report, that "the time is not distant when the Western Union Company will be without a substantial competitor in the conduct of a business which, notwithstanding the enormous growth of the last seven years, still is in its infancy."

What a pleasing prospect for the people! Here it is in brief: a powerful monopoly, unchecked by opposition or the fear of it in the future, has adroitly secured possession of the whole country, and now issues its proclamation that henceforth there will be no more competition, no more reductions of rates, but always "regular dividends."

But the president of the Western Union Company did not exhaust his candor in the quotation above made. He further declared:

The franks issued to Government officials constitute nearly a third of the total complimentary business. The wires of the Western Union Company extend into thirty-

seven States and nine Territories within the limits of the United States, and into four of the British Provinces. In all of them our property is more or less subject to the action of the national, State, and municipal authorities, and the judicious use of complimentary franks among them has been the means of saving to the company many times the money-value of the free service performed.

In another part of the same report it is stated that the total complimentary business amounted during the last year to \$58,000. Then, assuming the assertion last cited to be correct, the "judicious use" of complimentary franks to the amount of \$19,333 secured such action or non-action, whichever the company desired, on the part of the officials of the United States and of thirty-seven States, nine Territories, and four Provinces, as was equivalent to "many times the money-value of the free service performed." Truly a most "judicious use" of patronage! For if the subsidizing process included only the principal legislative, executive, and judicial officers of the governments, States, Territories, and Provinces above mentioned, the average value of the "complimentary frank" to each person could not have exceeded \$5, or \$10 at the utmost. It is presumed that hereafter very few "officials" will be willing to accept any courtesy, great or small, from the Western Union Company, now that they have been informed that the company will place the recipients of its favors upon its roll of retainers and advertise them as such.

The telegraph should be made a part of the postal system without further delay. As Congress does not seem inclined to exercise the discretion given in the third section of the act of July 24, 1866, to appoint appraisers to value the "lines, property, and effects" of the companies now in operation, and as the Western Union Company appears to be unwilling to make a voluntary sale at a fair price, I recommend that provision be made by law for the immediate establishment of the postal telegraph, and for the construction of all such lines as may be needed, under the direction of competent officers of the Engineer Corps of the Army. The experience they acquired during the war of the rebellion would enable them to do the work in the most economical and satisfactory manner.

Very respectfully, your obedient servant,

JNO. A. J. CRESWELL,

Postmaster-General.

The PRESIDENT.